
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No:	AB 1054	Hearing Date:	June 24, 2026
Author:	Gipson		
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Consultant:	Glenn Miles		

SUBJECT: Public employees' retirement: deferred retirement option program.

KEY ISSUE

This bill establishes a Deferred Retirement Option Program (DROP) to allow participating State Bargaining Unit (BU) 5 peace officers (CAHP) and State BU 8 firefighters (CalFire Local 2881) to elect a deferred retirement date, continue working 1-5 years, freeze their defined benefit (DB) pension benefit accrual, divert their employee contributions and potentially the employer contributions to their DROP account, earn the higher of a guaranteed 5 % interest or CalPERS' investment return rate on their DROP savings, and upon reaching the deferred retirement date, receive their pension and a one-time lump-sum payment of their program account balance upon termination of employment and subsequent retirement from CalPERS.

ANALYSIS

Existing law:

- 1) Establishes the Department of the California Highway Patrol within the California State Transportation Agency, which is the successor to and is vested with the duties, powers, purposes, responsibilities, and jurisdiction of the former Division of Enforcement of the Department of Motor Vehicles, known as the California Highway Patrol, and of the officers and employees thereof. (Vehicle Code § 2100 et seq.)
- 2) Establishes the California Department of Forestry and Fire Protection (CAL FIRE) within the California Natural Resources Agency, which is responsible for the fire protection, fire prevention, maintenance, and enhancement of the state's forest, range, and brushland resources, contract fire protection, associated emergency services, and assistance in civil disasters and other non-fire emergencies. (Public Resources Code § 700 et seq.)
- 3) Establishes the State Employer-Employee Relations Act ("Dills Act") authorizing collective bargaining between state employees and the Governor or the Governor's designated representatives. (Government Code § 3512 et seq)
- 4) Provides that the scope of representation in collective bargaining pursuant to the Dills Act shall be limited to wages, hours, and other terms and conditions of employment, except, however, that the scope of representation shall not include consideration of the merits, necessity, or organization of any service or activity provided by law or executive order. (Government Code § 3516)
- 5) Establishes the California Department of Human Resources (CalHR), the Governor's designated representative, and requires it to meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of recognized

employee organizations, and to consider fully such presentations as are made by the employee organization on behalf of its members prior to arriving at a determination of policy or course of action. (Government Code § 3517 and §19815 et seq.)

- 6) Requires the bargaining parties, if they reach an agreement, to jointly prepare a written memorandum of such understanding to be presented, when appropriate, to the Legislature for determination. (Government Code § 3517.5)
- 7) Requires CalHR to provide to the Joint Legislative Budget Committee (JLBC) any side letter to the MOU requiring the expenditure of \$250,000 or more related to salary and benefits and requires JLBC to determine within 30 days whether the side letter requires legislative action, as specified. (Government Code § 3517.63)
- 8) Establishes the California Public Employees' Retirement System (CalPERS) governed by a board of administration under the Public Employees' Retirement Law (PERL) and constitutional provisions providing the board with plenary authority over CalPERS' investments and administration. (Government Code § 20000 et seq. and CA CONS art. 16, §17)
- 9) Provides that the purposes of the PERL is to effect economy and efficiency in the public service by providing a means whereby employees who become superannuated or otherwise incapacitated may, without hardship or prejudice, be replaced by more capable employees, and to that end provide a retirement system consisting of retirement compensation and death benefits. (Government Code §20001)
- 10) Establishes the California Public Employee Pension Reform Act (PEPRA) of 2013, a comprehensive public employee retirement reform implemented in response to the 2002 Dot Com financial crash and the 2008 Financial Crisis, which together dramatically increased the costs of substantial pension benefit enhancements provided by SB 400 (Ortiz), Chapter 555, Statutes of 1999. (Government Code § 7522 et seq.)¹
- 11) Establishes the County Employees Retirement Law of 1937 ("CERL," "1937 Act," or "'37 Act"), which governs 20 independent county retirement associations and provides for retirement systems for county and district employees in those counties adopting its provisions. Currently, 20 counties operate retirement systems under the CERL. (Government Code § 31450 et seq.)
- 12) Authorizes CERL retirement associations to offer a DROP for *county* retirement members, as specified, to provide eligible members who elect to participate in the program, access to a lump sum, or in some cases, additional monthly payments for a specified period in addition to a monthly retirement allowance. (Government Code § Sections 31770 through 31779.3, Gov. Code)

¹ PEPRA increased contribution rates towards retirement, decreased retirement benefit formulas, and increased the age of retirement that apply to new members of the system first hired on or after January 1, 2013, and made changes that apply to all members towards resolving unfunded liabilities, manipulation of compensation for purposes of calculating a retirement allowance (e.g., pensions spiking and double-dipping), and included other prescribed prudent pension policy measures.

13) Provides local cities and counties self-governing authority under local charters established pursuant to the constitution, including authority to regulate their employees and provide for their compensation. Under their charter authority, several local governments have established independent public retirement systems for their employees, including San Francisco, Los Angeles, and San Diego. (CA CONST art. 11, §1 et seq)

This bill:

- 1) Finds and declares that: state patrolmen and firefighters have increasingly complex and dangerous missions; the CHP and CAL FIRE suffer from a personnel shortage from a deficiency in recruitment and retention; both departments need experienced and expert personnel; a DROP can address these challenges by allowing sworn peace officers and firefighter personnel who would otherwise retire, the ability to remain employed in the same classification by the employer for a period of up to five years beyond their planned date of retirement for service; and the Legislature's intent is to establish a DROP, as specified, to address this immediate and ongoing need.
- 2) Creates the DROP to provide state BU 5 peace officer and BU 8 firefighter CalPERS members with the option to receive a one-time lump-sum payment of their DROP account upon termination of employment and subsequent retirement from the system.
- 3) Provides, upon the member's election date, that they cease to accrue retirement benefits in CalPERS' defined benefit plan and instead begin to accrue deferred retirement benefits pursuant to the DROP, credited to their program account, as specified.
- 4) Provides that the member's election to participate in DROP is irrevocable, however, requires CalPERS to revoke the member's participation and distribute their accrued DROP benefits as a lump sum if the member retires for disability during the DROP period, as specified. Prohibits the member from participating in DROP thereafter.
- 5) Provides that DROP participants retain all rights, privileges, and benefits of employment, as specified. Also, provides that if they are terminated for cause, CalPERS shall terminate their DROP participation and disburse their lump sum payment upon a final order sustaining the termination or reinstate the participant effective on the termination date if the termination is reversed.
- 6) Requires DROP participants to make their normal CalPERS pension contributions and for CalPERS to credit those contributions to their DROP account.
- 7) Relieves the state from making the normal employer pension contributions required under the PERL or PEPRA to the CalPERS defined benefit plan. However, it allows the state to make those equivalent contributions to their employees' DROP account pursuant to an MOU.
- 8) Requires CalPERS, subject to its initial actuarial analysis prior to the program's implementation, to credit the DROP accounts monthly with the following:
 - a) All normal contributions of the participant, as specified. It also permits the participant to make additional monetary contributions to their account above the normal contributions.
 - b) All employer contributions, as specified.

- c) All interest credited semiannually at a rate that is equal to the interest rate, if any, applicable to employee contributions to the system, or a rate determined semiannually by the board. Notwithstanding the foregoing, the interest rate shall not be less than 5 percent annually.
 - d) Accrued sick leave prior to the election date, as specified.
 - e) The balance of all unused sick leave accrued during the DROP period.
 - f) The balance of all unused vacation leave accrued during the DROP period.
- 9) Provides that leave credits credited to the DROP account cannot be used for service or disability retirement under the CalPERS DB plan and that a participant's election to apply them to the DROP account is irrevocable.
- 10) Provides that DROP shall become operative on the date specified in an MOU only after CalPERS certifies that it is cost neutral and adopts regulations to implement the program.
- 11) Specifies that the program becomes operative and applicable to BU 5 and BU 8 members, respectively, only after all of the following have occurred:
- a) CalPERS completes an actuarial analysis of the proposed program, determines that it is cost neutral, and provides the analysis to the Department of Finance and CalHR.
 - b) CalPERS adopts regulations to implement and administer this bill's provisions.
 - c) CalHR and the respective bargaining units have agreed to implement the program pursuant to an MOU.
- 12) Prohibits CalHR and the respective bargaining units from agreeing to implement the program prior to the completion and provision of the required actuarial analysis.
- 13) Applies the bill's provisions only to the following members of BU 5 and BU 8, respectively, and as applicable:
- a) A state safety member whose duties consist of active law enforcement highway patrol service, as defined in Government Code § 20045, and who is a peace officer, as defined in Penal Code § 830.2.
 - b) A state safety member who renders active fire suppression, active fire search and rescue, or active fire investigatory service.
- 14) Restricts DROP participation to a member who has at least attained the requisite minimum age and years of credited service accrued in the system that they otherwise would be required to attain to be eligible to retire for service.
- 15) Requires the member to make the election to participate in DROP prior to their retirement for service.
- 16) Prohibits a member who has retired for service, retired for disability, or is employed as a retired annuitant, on the bill's effective date, from participating in the program.
- 17) Requires a member who elects to participate in the program to do the following:
- a) Waive any claims with respect to age and other employment discrimination laws relative to the program required by the employer or system.

- b) Waive and forfeit any application, claim, or right to a disability retirement by any public employee retirement system of which they are a member, and where the application, claim or right to a disability retirement is based on a condition related to an industrial or nonindustrial injury.
- c) Terminate employment and DROP participation in accordance with their program election.
- d) Not participate in a reduced worktime schedule for partial service retirement.
- e) Not modify their DROP election after submittal to CalPERS, except to identify, modify, or change a beneficiary for the receipt of the program benefit.
- f) Not reinstate from retirement and again elect DROP participation.
- g) Retire concurrently from any other public retirement system of which they are a member, upon termination of employment and DROP participation consistent with their program election.

18) Requires that the eligible member's election be:

- a) One time only and irrevocable.
- b) Made in writing and signed by the member on a form prescribed by, and submitted to, CalPERS, as specified.
- c) Accompanied by a signed statement executed by the member's spouse, if any, on a CalPERS-prescribed form acknowledging the spouse's understanding of, and agreement with, the member's election to participate in the program together with an express statement of the spouse's understanding and agreement that benefits payable to the spouse may be reduced as a result of participation.

19) Requires participants' or their spouses' program rights to be subject to applicable marriage dissolution, community property, or related child/spousal support law or court orders.

20) Prohibits participants' or their spouses' program rights from being subject to execution or any other process except, as specified in the Civil Code of Procedure. It also provides that those rights are unassignable, as specified.

21) Requires CalPERS to do the following:

- a) Notify the member in writing of its receipt of the member's DROP election and provide a final date by which the member may withdraw the election but not more than 30 calendar days from the system's receipt of the election. The withdrawal must be a signed writing by the member and submitted on a CalPERS-prescribed form.
- b) Maintain a record of the member's election, withdrawal, and if applicable, the spouse's executed acknowledgement and understanding forms.
- c) Establish a separate DROP account for each participant but prohibits any system assets from being separately aggregated for any program account, and also prohibits a participant from having a claim, or right to claim, of any specific assets of the system.
- d) At least once annually, provide a statement to the participant that displays the value or balance of their account that summarizes any credits or other transactions that occurred after the immediately preceding valuation date.
- e) Perform, prior to the adoption of regulations to implement the program, an actuarial analysis to determine whether it will result in reduced costs or be cost neutral.
- f) Perform, commencing July 1, 2027, an actuarial analysis on and after the program's implementation and on that date every five consecutive fiscal years thereafter, regarding the cost impact or cost neutrality of the program, and submit a report of that analysis to

CalHR, the Department of Finance, and the Legislature relating to the prior five-year period.

- 22) Requires the Department of Finance, in consultation with CalHR and the bargaining units, to make recommendations to the Legislature to modify the program in a manner consistent with the actuarial analysis to make the program cost neutral if it determines that the program has resulted in significant increased costs.
- 23) Provides that, notwithstanding the required actuarial reports and determinations, nothing prevents the Legislature from making changes to the program.
- 24) Prohibits a participant or their survivor or beneficiary from electing a distribution that does not satisfy the requirements of the bill's provisions or any other state or federal law.
- 25) Provides that if the Legislature modifies the program, participants who entered the program prior to the modification's effective date shall be entitled to elect whether to become subject to the program's modified provisions or to remain subject to the program as it existed on the participant's election date.
- 26) Subject to PEPPRA's felony forfeiture and continued investigation provisions, provides that a participant has a vested right to 100 percent of the balance of their account which accrues when the person becomes a participant. If a participant is found guilty of a felony as specified, they shall forfeit all employer contributions and interest accrued on that portion of contributions to the extent that such contributions have been negotiated and agreed in which case, all employer contributions shall be returned to the credit of the employer.

COMMENTS

1. Background:

DROP accounts permit an employee to continue working, receive salary and benefits, and have their pension contributions allocated to a separate account whose accrued balance is paid out in a lump sum when the employee eventually separates from employment and retires. Upon entering the program, the employee ceases to accrue further pension benefits in their defined benefit pension and begins to accrue the DROP benefits. Upon retirement, they receive their defined pension allowance and a lump sum payment, which they can generally roll over into an eligible tax-advantaged account.

Some highly compensated employees may find the program particularly attractive because pension compensation limits may cap the pension benefits from their defined benefit pension plan such that the employee's pension contributions no longer generate any further benefit. Diverting those contributions to a DROP provides a substantial benefit.

Another attribute is that the IRS treats DROP accounts separately for purposes of contribution limits to 401K, 457K, and IRA accounts so employees can make additional pre-tax contributions, with some limitations, if they have already maximized contributions to those accounts. Furthermore, the DROP's lump sum payout may allow the employee to organize their post-employment income streams to optimize tax planning by delaying taxable distributions from those accounts; extending time to grow tax-deferred holdings; and

reducing exposure to federal high earner income tests that result in supplemental charges like Medicare's Income-Related Monthly Adjustment Amount (IRMA) surcharge.

Employers are also attracted to DROP accounts because it allows them to forgo required employer contributions to the defined benefit pension plan, potentially reduces their pension liability since their employees' pension benefit accrual ends earlier than otherwise anticipated, and serves as leverage in bargaining negotiations. Plus, it helps to incentivize experienced employees to remain on the job longer than they otherwise might.

DROPS are controversial because past programs at the local level have led to abusive practices.² But they are also problematic because they can harm the financial condition of a pension fund, depending on their structure. They may divert employee and employer pension contributions from the pension fund, thereby reducing the amount the fund has available to invest and earn investment return (therein undermining actuarial valuations that established the parties' contribution rates and increasing unfunded liability). They may cause liquidity issues since they require lump sum payouts whereas pension allowance payments are paid over a longer period of 10-40 years, leaving assets in the fund over a longer period to generate investment return.

Additionally, they can increase a system's liquidity needs and exacerbate a liquidity crisis if the lump sum payments occur during a financial crisis and should the system need to sell assets to raise cash to pay current benefits (again resulting in a reduction of the system's ability to produce future investment income since it no longer has the assets).

In short, DROP-type programs increase risk to a pension fund's financial stability. Given current uncertainty regarding the economy's near-term condition, it is difficult not to be concerned with adding a DROP to the state plan. Layered over the general economic inquietude is CalPERS' policy to shift greater portions of its portfolio into private equity, an asset class that has produced higher returns in the recent past but has generated substantial concern about the illiquid tendency of those assets and the accuracy of their valuations.

This bill's DROP contains some guardrails (e.g., it does not permit the payment of the participant's pension allowance into the DROP account while the participant continues in employment) but also has characteristic hallmarks of less prudent approaches toward the pension system (i.e., it shifts risk to CalPERS by guaranteeing a minimum interest rate on account balances and puts pressure on CalPERS' liquidity by creating lump sum payment obligations instead of long-term annuities).

Committee Concerns

- The bill seems to prohibit members retired for service or disability or who are working as a retired annuitant from participating in the program but only until the bill's effective date, creating the possibility that an employee could enter the DROP, go on disability, cease work but still receive an amount similar to their salary and collect the DROP contributions or some other form of double-dipping.

² *Battling treacherous office chairs and aching backs, aging cops and firefighters miss years of work and collect twice the pay*, Los Angeles Times, February 3, 2018, <https://www.latimes.com/local/california/la-me-drop-20180203-htmlstory.html>

- The bill requires CalPERS to credit the DROP accounts at CalPERS' investment return rate but no less than 5 percent. Effectively, participants benefit substantially in CalPERS' good years but are shielded from CalPERS' underperforming years. To the extent CalPERS earns high returns, the DROP accounts become larger liabilities resulting in large lump sum payments that create liquidity pressures. To the extent CalPERS' underperforms the 5 percent minimum interest rate, the bill creates unfunded liability that will raise employer and employee contribution rates, including for lower earning members and members not eligible for or participating in the DROP.
- The bill permits participants to deposit additional contributions into the DROP accounts, creating the possibility that the final lump sum balances will be substantially larger than anticipated. This could create a much larger unfunded liability if CalPERS fails to earn more than the guaranteed minimum 5 percent credited rate. It could also result in much larger liquidity pressures on the system when the lump sums become payable.
- Although the bill contains language allowing the Legislature to modify the program, it provides participants a vested right to continue in the original, pre-modified program. This could prove problematic in the event of another financial crisis since changes could only be made for new employees.
- If this bill and AB 1383 (McKinnor), currently before the committee, both become law, the combination of large lump sum liabilities for CalPERS and higher pension allowances from the new McKinnor formulas create unanticipated financial demands on the pension fund that would make recovering from another financial crisis especially difficult. At a minimum, it would raise employer and employee contributions and/or increase unfunded liability substantially.
- This bill, if passed, is likely to create substantial pressure on and competition between local governments to also offer DROP. Again, combined with the McKinnor formulas, the result is likely to be higher unfunded pension liability resulting in increased employer and employee contribution rates. Such increases would reduce local governments' ability to respond to other funding shortfalls in critical services to vulnerable communities.
- Although the bill's proponents argue that the DROP is critical to resolving recruitment and retention challenges, it is not clear that either CAL FIRE or CHP have a problem attracting applicants. To the extent the bill's costs require the state to reduce positions in both departments if economic conditions worsen, the bill could actually exacerbate recruitment and retention challenges.

2. Recommended Committee Amendments:

The committee recommends the following amendments to address some of the concerns listed above:

- I. Re: clarifying participant ineligibility of service and disability retirees and retired annuitants:

21717.7. ...*(b) For purposes of participation pursuant to this chapter, a member shall make the election prior to their retirement for service consistent with this part. A member who has retired for service, retired for disability, or is employed pursuant to Section 7522.56, on **or after** the effective date of this chapter, shall not be permitted to participate in the program.*

II. Re: reducing unanticipated lump sum liability by prohibiting additional contributions:

21717.21. *(a) Subject to the results of the actuarial analysis required in Section 21717.19, the implementing and administrative regulation adopted by the board shall provide the following amounts to be credited monthly to the participant's program account:*

(1) All normal contributions of the participant required pursuant to paragraph (2) of subdivision (c) of Section 21717.13 made by, or on behalf of, the participant during the program period. ~~A participant may make additional monetary contributions to their account above the normal contributions required by paragraph (2) of subdivision (c) of Section 21717.13, and may modify the amount of such contributions annually on a date determined by the board.~~ ...

III. Re: reducing potential liquidity risk and unfunded liability by reducing the required credited interest CalPERS pays on the DROP balances:

21717.21. *(a) ... (3) All interest credited semiannually at a rate that is equal to the interest rate, if any, applicable to employee contributions to the system **minus one and one-half percent**, or a rate determined semiannually by the board. Notwithstanding the foregoing, the interest rate shall not be less than **zero** percent annually....*

IV. Re: reserving the Legislature's authority to modify the DROP for all participants in the event of another financial crisis:

21717.25. Notwithstanding Section 21717.23 or any other law, the Legislature reserves the right to suspend the program through legislative action ratified by the Governor if the Department of Finance, in consultation with the system actuary and the California Actuarial Advisory Panel as established pursuant to Section 7507.2 of the Government Code, determines that a deleterious economic event has substantially weakened the system's financial position. If the Legislature and Governor approve the program's suspension, all participants' benefit accrual shall terminate upon the effective date of the legislation suspending the program and no participant, eligible spouse, or beneficiary shall have any vested right to any program benefit after the legislation's effective date.

V. Re: reducing effect of combined DROP accounts and new McKinnor formulas (AB 1383) of potential liquidity risk and unfunded liability:

21717.26. This chapter shall only be applicable to a member retired pursuant to the California Public Employees' Pension Reform Act of 2013 (Section 7522 et seq. of the Government Code) as it read on June 30, 2026.

VI. Other minor conforming amendments.

3. Need for this bill?

According to the author:

“The California Highway Patrol (CHP) has become the statewide law enforcement entity. CAL FIRE is the state’s fire department. Both are increasingly called upon to respond to complex, large-scale emergencies, including wildfires, natural disasters, and statewide public safety incidents. These evolving responsibilities require highly experienced officers and firefighters with specialized training and institutional knowledge. However, recruitment and retention have resulted in a chronic shortage of personnel at a time when operational demands are increasing. While a Deferred Retirement Option Plan (DROP) exists in other localities and in other states, there is currently no system in place to allow for a deferred retirement for CHP and CAL FIRE, limiting the ability of these departments to retain seasoned officers and firefighters beyond retirement eligibility”.

“AB 1054 seeks to address this shortage by establishing a voluntary DROP program within CalPERS for eligible employees within State Bargaining Units 5 (CAHP) and 8 (CAL FIRE Local 2881). This program is intended to retain experienced personnel while supporting long-term recruitment and training efforts.”

4. Proponent Arguments

According to Cal Fire Local 2881 and the California Association of Highway Patrolmen:

“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. 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. The challenges now being confronted by the CHP and CAL FIRE are dangerously protracted and require experience and expertise to confront. Lack of recruitment and retention of seasoned vets has resulted in a chronic shortage of personnel needed.

AB 1054 will allow an officer/firefighter who is eligible for retirement to continue working for up to five additional years while accumulating retirement benefits in an interest-bearing account. Upon retirement, the officer/firefighter will receive their accumulated funds, supplementing their pension.

DROP serves as a voluntary program allowing eligible officers and firefighters to extend their careers while securing enhanced retirement benefits at no cost to the state. AB 1054 not only addresses the critical staffing shortage but retains the knowledge and experience of veteran officers and firefighters which will greatly enhance public safety.”

5. Opponent Arguments:

According to the California Policy Center:

“Deferred Retirement Option Programs (DROP) are, at their core, a form of double-dipping by allowing retirement-eligible employees to simultaneously collect a pension deposited into

a separate account and continue drawing a full salary for the same work. This practice is out of line with what the private sector offers and is patently unfair to taxpayers who foot the bill. Rather than incentivizing experienced employees to transition out of government service at the appropriate time, DROP programs perversely reward them for staying on while collecting two streams of public compensation and increasing the government's unfunded liability.”

“The deeper fiscal danger of DROP programs lies in how they interact with California's already chronically underfunded pension systems. Pension costs that appear manageable under optimistic actuarial assumptions can deteriorate rapidly when market conditions shift. Layering a DROP benefit on top of an already stressed defined benefit system — as AB 1054 proposes for CalPERS — adds new actuarial complexity and cost exposure at precisely the moment when the state should be moving in the opposite direction. The bill's requirement of a cost neutral actuarial analysis before implementation offers cold comfort given California's well-documented history of pension actuaries producing optimistic assumptions that consistently understate long-term costs.”

6. Prior Legislation:

AB 704 (Calderon, 2009) would have created a DROP program for excluded and exempt employees of state BUs 5, 6 (Corrections), 7 (Protective Services and Public Safety), and 8. The bill died in the Assembly Appropriations committee.

AB 991 (Calderon, 2008) would have established a DROP as a supplemental benefit program in CalPERS for exempted and excluded employees in BUs 5, 6, 7, and 8. This bill died in the Assembly Appropriations Committee.

SB 274 (Soto, Chapter 897, Statutes of 2003) established the DROP as an optional benefit program for safety members of counties operating retirement systems under the County Employees' Retirement Law of 1937 ('37 Act).

SB 1409 (Soto, 2002) would have enacted a DROP for local safety members whose employers contract for the option. This bill was vetoed by the Governor due to cost concerns.

AB 293 (Shelley, 2001) would have enacted a DROP for members in BUs 5, 6, and 8. This bill was vetoed by the Governor because of concerns that the details specified in the bill should be the subject of collective bargaining where, if agreed to, they could be included in a Memorandum of Understanding and ratified by the Legislature.

SB 193 (Soto, 2001) would have enacted a DROP for local safety members whose employers contracted with CalPERS for the option. This bill was vetoed by the Governor due to cost concerns but in his veto message the Governor stated, in part, "I would be open to considering a truly cost neutral program for local government."

AB 2030 (Correa, 2000) would have established a DROP for school members and local contracting agency members whose employer contracts with CalPERS for the DROP. This bill died in the Senate Appropriations Committee.

SB 1312 (Ortiz, 2000) would have enacted a DROP for state members subject to collective bargaining and for local members whose employers contract with CalPERS for this option.

This bill was vetoed by the Governor. In his veto message, the Governor stated, in part, "This bill would result in increased retirement costs to the State and school employers, and for contracting local agency employers opting for the DROP. This bill is overly broad. These benefits, if at all, should accrue only to Safety personnel."

SUPPORT

California Association of Highway Patrolmen (Co-Sponsor)
Cal Fire Local 2881 (Co-Sponsor)

OPPOSITION

California Policy Center

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