

## CONCURRENCE IN SENATE AMENDMENTS

AB 1067 (Quirk-Silva)

As Amended July 15, 2025

Majority vote

**SUMMARY**

Amends the California Public Employees' Pension Reform Act (PEPRA) of 2013 by adding a new provision relating to public employee misconduct and retirement benefits forfeiture due to a felony conviction.

**Senate Amendments**

Make a technical and clarifying change.

**COMMENTS***The PEPRA's Felony Conviction Retirement Forfeiture Provisions and How They Work*

Among the PEPRA's provisions, public employees, including elected and appointed public officers, must forfeit all accrued rights and benefits in any public retirement system they are a member of if convicted of a felony, as provided, for conduct arising out of, or in the course of, the performance of their official duties.

The following hypothetical describes how the PEPRA's existing felony conviction forfeiture provisions work: Now infamously known as "Eddie the Embezzler," Eddie was employed by the state starting at age 50, worked for 10 years, and participated in a public employee retirement system during that entire time. Eddie was a dedicated public servant who worked on a state computer system that processed payments to the state, and at some point, Eddie owed a large sum of money to dangerous individuals. Eddie devised a computer software program and scheme where, while Eddie was at work, the program siphoned \$.02 cents from each dollar among millions of dollars processed daily and that rerouted those sums to an offshore bank account solely controlled by Eddie. Following an investigation and irrefutable evidence submitted to the court that demonstrated Eddie's felonious plan and actions in committing the crime exactly dating to five years ago, Eddie was found guilty beyond a reasonable doubt and convicted of embezzlement.

In the hypothetical above, Eddie must forfeit their retirement benefits from the date the crime started to be committed, i.e., exactly five years ago to the date of conviction. Provided that Eddie has achieved a combination of minimum years of service and age required to be eligible to retire, Eddie could receive a pension based on the earlier five years of service before Eddie began taking steps necessary to commit the crime, which is consistent with Eddie's vested rights pursuant to long-standing and well-established jurisprudence commonly referred to as the "vested rights doctrine."

The earliest date of the commission of the crime is the date that is used in the court proceeding, and in most cases, this date is provided to the courts through evidence. The conviction date is the date in which a plea of guilty is entered, or when the judge or jury makes a decision on the case. Generally, a public employee retirement system member may retire and receive retirement benefits for service prior to the earliest date of committing the felonious act and subsequent conviction, provided that they have at least achieved a combination of the minimum number of

years of service (service credit accrued) and age to do so. In the instance of a felony forfeiture, a member may receive a refund of employee contributions made during the forfeiture period, but employer contributions are returned to the credit of the employer.

### *This Bill*

This bill proposes to amend the PEPRA by adding provisions relating to a public employer's investigation of suspect activities of a public employee and the involvement of law enforcement, and accomplishes this by referencing the existing PEPRA felony conviction retirement benefit forfeiture provisions without affecting other PEPRA public policy guardrails.

Based on the hypothetical example, above, rather than Eddie being able to retire; attempting to evade (including, evade the conclusion of) an investigation by the public employer; and, enjoying the fruits of their criminality, the public employer must continue with the investigation – even after Eddie has retired. If the employer suspects that an act of moral turpitude, consistent with existing law, may have been committed, it must turn the matter over to the appropriate law enforcement agency and may then close its investigation. If a felony conviction results for conduct arising out of, or in the course of, Eddie performing their official duties, the existing applicable PEPRA felony conviction retirement benefit forfeiture provision would be triggered.

In the public's interest, this addition to the existing PEPRA felony conviction retirement benefit forfeiture provisions will help to ensure that Eddie doesn't escape from being held accountable.

Please see the various policy committee analyses for a full discussion of this bill.

### **According to the Author**

"As public employees, individuals must be held accountable throughout their entire time of service. This bill closes a dangerous loophole that allows individuals to retire mid-investigation to avoid consequences..." and "...ensures misconduct is fully investigated and, when appropriate, referred to law enforcement so that justice is served."

### **Arguments in Support**

Generally, supporters of this bill contend that it will close a loophole in existing law that could allow individuals to evade accountability for misconduct or criminal activity and the risk of pension forfeiture would serve as a deterrent to engaging illegal activity.

### **Arguments in Opposition**

None.

## **FISCAL COMMENTS**

According to the Senate Committee on Appropriations, this bill could result in costs to the State as a direct employer across nearly 200 entities to continue investigations that under current law may otherwise have ended. The magnitude of these costs is unknown, but potentially in excess of \$50,000 annually (General Fund and/ or special fund). By imposing similar new duties on local officials, this bill creates a state-mandated local program. To the extent the Commission on State Mandates determines that the provisions of this bill create a new program or impose a higher level of service on local agencies, local agencies could claim reimbursement of those costs. The magnitude is unknown, but potentially in excess of \$50,000 annually (General Fund).

In addition, the California Public Employees' Retirement System (CalPERS) indicates that it would incur minor and absorbable costs as a result of the bill. CalPERS notes that this bill would not change any of its existing internal processes with regard to felony forfeiture; in such an instance, a member receives a refund of employee contributions made during the forfeiture period, but employer contributions are returned to the employer pool as a credit.

**VOTES:****ASM PUBLIC EMPLOYMENT AND RETIREMENT: 7-0-0**

**YES:** McKinnor, Lackey, Alanis, Boerner, Elhawary, Garcia, Nguyen

**ASM APPROPRIATIONS: 11-0-4**

**YES:** Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

**ABS, ABST OR NV:** Sanchez, Dixon, Ta, Tangipa

**ASSEMBLY FLOOR: 79-0-0**

**YES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

**UPDATED**

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