SENATE RULES COMMITTEE AB 1383
Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 1383
Author: McKinnor (D), et al.
Amended: 7/1/26 in Senate
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 6/24/26
AYES: Smallwood-Cuevas, Strickland, Cortese, Durazo, Laird

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 70-2, 1/29/26 - See last page for vote

SUBJECT: Public employees' retirement benefits

SOURCE: California Professional Firefighters

DIGEST: This bill (1) freezes existing Public Employees' Pension Reform Act of 2013 (PEPRA) safety formulas to apply only to service from January 1, 2013, to December 31, 2026; (2) provides new formulas for service from 1/1/27; and (3) requires public employers to raise their PEPRA firefighter and peace officer safety pension benefit formulas to this bill's new formulas effective January 1, 2027, to give at age 55 what their PEPRA formula gives at age 57 unless the parties bargain for a higher or lower formula, as specified. It also (4) increases the PEPRA pensionable compensation caps for all PEPRA members, as specified.

ANALYSIS:

Existing law:

1) Establishes PEPRA which applies to all public employers and public pension plans on and after January 1, 2013. (Government Code § 7522 et seq.)

2) Establishes a cap on the amount of compensation that can be used to calculate a retirement benefit for all new members, as specified, of a public retirement

system equal to the Social Security wage index limit (originally \$110,100, now \$159,733) for employees who participate in Social Security, or 120% of that limit (originally \$132,120, now \$191,679) if they do not participate in Social Security. (Government Code § 7522.10)

3) Requires the retirement systems to adjust the compensation cap annually, as specified, based on changes in the Consumer Price Index (CPI) for all Urban Consumers. (Government Code § 7522.10 (d))

4) Specifies that the Legislature reserves the right to modify the annual CPI adjustments to the compensation cap prospectively. (Government Code § 7522.02 (d)(2))

5) Prohibits an employer from offering a defined benefit (DB) plan, or combination of DB plans, on compensation in excess of the compensation cap. (Government Code § 7522.02 (e))

6) Allows an employer to offer a defined contribution (DC) plan on earnings above the compensation cap up to the federal limit on compensation that can be creditable to DB plans. Any such DC plan must comply with federal laws, and employees do not have a vested right to an employer contribution to such a plan. (Government Code § 7522.02 (f))

7) Defines "new member" with regard to eligibility for PEPRA as:

   a) An individual who has never been a member of any public retirement system prior to January 1, 2013.

   b) An individual who moved between retirement systems with more than a six month break in service, as specified.

   c) An individual who moved between public employers within a retirement system after more than a six month break in service, as specified. (Government Code § 7522.04 (f))

8) Defines "Normal Cost" to mean the portion of the present value of projected benefits under the defined benefit that is attributable to the current year of service, as determined by the public retirement system's actuary according to the most recently completed valuation. (Government Code § 7522.04 (g))

9) Specifies that the retirement formula for the DB plan will be 2% at age 62 for all new non-safety employees, excluding teachers. The formula is adjusted to encourage members to retire at later ages. The earliest an employee would be eligible to retire is age 52 with a 1% factor and the maximum retirement factor of 2.5% is provided at age 67. (Government Code § 7522.20)

10) Specifies that the retirement formula for new members of the California State Teachers' Retirement System (CalSTRS) will be 2% at age 62. The earliest an employee would be eligible to retire is age 55 with an actuarially reduced formula, and with a maximum formula of 2.4% at age 65. (Government Code § 7522.02 (c), Education Code § 24202.6 and § 24202.7)

11) Provides for three retirement formulas for the DB plan that apply to new safety employees, as specified. The three formulas are: 2% at age 57 (basic plan); 2.5% at age 57 (safety option plan one); and 2.7% at age 57 (safety option plan 2). (Government Code § 7522.25)

12) Requires contributions from employees to the DB plan to equal to one-half of normal cost of the DB. (Government Code § 7522.30)

13) Requires that final compensation be defined for all new employees as the highest average annual compensation over a three-year period. (Government Code § 7522.32)

14) Defines "pensionable compensation" and prohibits the following types of compensation from being used to calculate a retirement benefit: compensation paid to enhance a retirement benefit; compensation previously provided "in-kind" and converted to cash in the final comp period; one-time or ad hoc payments; severance pay; pay for unused leave or time off; pay for work outside of normal hours; uniform, housing or vehicle allowances; pay for overtime, except planned overtime, extended duty workweek, or pay defined in the federal labor codes; employer contributions to DC plans; bonuses, and other pay determined to not be pensionable compensation. (Government Code § 7522.34)

15) Limits the maximum salary taken into account for <u>any</u> retirement plan (DB and DC combined) to the federal limit established under 401(a)(17) of the Internal Revenue Code (IRC) and prohibits an employer from seeking a federal exemption from the limit. (Government Code § 7522.42)

16) Prohibits an employer from making contributions to any public retirement plan (DB or DC) on any amounts of compensation that exceeds the 401(a)(17) limit. (Government Code § 7522.42)

17) Prohibits a public employer from offering a benefit replacement plan for any member or survivor who is subject to the federal limit on benefits established by section 415(b) of the IRC for an employee first hired on and after January 1, 2013, or to any group of employees that was not offered a benefits replacement plan prior to that date. (Government Code § 7522.43)

18) Prohibits a retroactive enhancement to a benefit formula, either due to a change to an existing formula, or due to a change to the retirement classification for a specific job. (Government Code § 7522.44)

19) Requires a public employer's contribution to a defined benefit plan, in combination with employee contributions, to be not less than the normal cost rate for that defined benefit plan for that fiscal year. (Government Code § 7522.52)

20) Prohibits post-retirement employment from exceeding 960 hours in a consecutive 12 month period. If a retiree receives unemployment benefits, he or she is prohibited from working for 12 months as a retiree for a public employer.

21) Prohibits a person who retires on or after January 1, 2013, from returning to work as a retired annuitant for a period of 180 days after retirement unless the action is approved in an open meeting, as specified by the governing body of the employer, or by California Department of Human Resources (CalHR) authority if state retiree, as specified. However, in no case could a person who receives a retirement incentive (e.g., a "golden handshake") return to work as a retired annuitant for a period of 180 days after retirement. (Government Code § 7522.56)

22) Establishes the following exceptions to 180 day rule:

   a) The retiree is participating in the Faculty Early Retirement Program pursuant to a collective bargaining agreement with the California State University.

   b) The retiree is a public safety officer or firefighter.

c) The retiree is a trustee, administrator, or fiscal advisor appointed to address academic or financial weaknesses in a school or community college district, pursuant to specified requirements.

d) The retiree is a subordinate judicial officer whose position, upon retirement, is converted to a judgeship and he or she returns to work in the converted position.

e) The retiree is a person taking office as a judge, as specified. (Government Code § 7522.56)

23) Allows more flexibility for bargaining increased cost sharing between employers and existing employees in CalPERS and retirement systems established pursuant to the County Employees' Retirement Law of 1937 (37 Act). Using impasse procedures to impose cost sharing arrangements achieved through this new flexibility would be prohibited if the proposed contribution exceeds statutorily required contributions for current employees or half of the normal cost of benefits for employees first hired on or after January 1, 2013. (Government Code § 7522.30)

This bill:

1) Freezes existing PEPRA safety formulas and makes them applicable only for service from 1/1/2013 – 12/31/26, increases safety retirement plans as of 1/1/2027 for all public employers, and makes this bill's new formulas bargainable, as specified.

2) Requires employers to move, beginning January 1, 2027, from their existing PEPRA safety formula[1] to one of three new, richer retirement formulas that would give at age 55 what their PEPRA formula gives at age 57 unless the parties bargain for a higher or lower formula, as specified. [2] However, this bill prohibits employers from using impasse procedures to impose a lower plan.

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[1] Current law requires employers to offer one of three PEPRA safety formulas:
- Basic Safety 2% @ 57
- Safety Option One 2.5% @ 57
- Safety Option Two 2.7% @ 57
- (PEPRA has no fourth formula like the New Option Three)

[2] The bill creates the following four new formulas; mandates employers to move to one of the first three, as specified; and authorizes bargaining to move from that formula to one of the other new formulas.
- New Basic Safety 2% @ 55
- New Safety Option One 2.5% @ 55

3) Establishes a bargainable fourth formula that would provide 3% @ 55 rather than PEPRA's current maximum formula that provides 2.7% @ 57.

4) Increases, through a two-step modification, PEPRA's limits on compensation that a retirement system is permitted to include in the calculation of a member's retirement, thereby increasing pensions for all members, both safety and miscellaneous, who are above the current pensionable compensation caps.

   a) First, this bill mandates the systems use the 2027 Social Security 430 (b) base instead of the 2013 base to determine the pensionable compensation caps. This provision raises the cap from $159,733 to $184,500 for members covered under Social Security (e.g., miscellaneous members).
   b) Second, it raises the cap even further for members not covered under Social Security (e.g., safety members, or other members not covered under Social Security) by increasing it the from 120% to 135% of the new 2027 Social Security 430(b) base. This provision raises the cap from $191,679 to $249,075.
   c) The provisions thus increase pensionable compensation by someone over the limits up to $24,767 and $57,396 respectively, depending on whether they are covered by Social Security.

5) After imposing one of the new formulas closest to the employer's PEPRA formula, authorizes a public employer and a recognized employee organization to negotiate for a different new formula for a prospective increase to the retirement benefit formulas for safety members and new safety members.

6) Exempts the Judges' Retirement System (JRS) and JRS II from this bill's provisions.

7) Requires that benefit formula increases adopted pursuant to this bill, be established in accordance with PEPRA's prohibition against retroactive benefit increases.

8) Declares that it is the intent of the Legislature that this act shall not be construed to affect any retirement benefits or pension rights accrued before its effective date.

- New Safety Option Two 2.7% @ 57
- New Safety Option Three 3% @ 55 w/ pension limited to 90 % final comp

9) Finds and declares the following approximately: the state is experiencing significant challenges recruiting firefighters, police, and other first responders; firefighters face heightened risks of occupational diseases; these high-stress positions contribute to increased rates of disability, injury, and early retirement; it is necessary to adjust safety employee pension formulas to sustain an effective workforce and address occupational challenges; retirement benefits should be collectively bargained; and current compensation caps are too low.

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

According to the Senate Appropriations committee:

- The current California Public Employees Retirement System (CalPERS) actuarial analysis estimates that the bill would increase pension costs for *state, school, and local agency* plans by approximately $4.8 billion in the present value of future benefits (PVB) and increase annual normal cost contributions by approximately $233 million. The estimated impact varies depending on which provisions of the bill are implemented, as follows:

    - Increasing the pensionable compensation limit for all PEPRA members: This provision would increase annual normal cost contributions by approximately $241 million in the first year and increase the PVB by approximately $4.2 billion. The higher costs would apply to all affected employee groups with members whose benefits are impacted by the increased compensation limit.

    - Increase the benefit age factor for PEPRA safety members: This provision would increase annual normal cost contributions by approximately $38 million in the first year and increase the PVB by approximately $560 million. These costs could be partially offset by an unknown amount if earlier retirement reduces workplace injuries or disability-related costs among safety members.

    - Allowing PEPRA and new safety members to receive a 3 percent at age 55 retirement formula: This provision would increase annual normal cost contributions by approximately $353 million in the first year and increase the PVB by approximately $3.4 billion. However, these costs would only occur if an employer and employees negotiate adoption of the enhanced formula through a memorandum of understanding.

- Under current law, PEPRA member and employer contributions generally share the normal cost of benefits equally. Therefore, for the first two scenarios—

which would take effect without collective bargaining—the employer share of the estimated increase in normal cost contributions is approximately $141 million annually across state, school, and local employers (General Fund, special funds, and local funds). Additionally, these estimates reflect costs for current PEPRA members only; employer costs would increase over time as additional employees are hired under the bill's expanded benefit provisions.

- CalPERS would incur approximately $1.2 million in one-time administrative costs for information technology updates, revised publications and training materials, increased member call volume, and program support (Public Employees' Retirement Fund).

Background

Pension Systems Prior to 1999. Before 1999, California's public retirement systems, including CalPERS, provided defined benefit pensions based on a formula incorporating three primary factors: (1) years of credited service, (2) age at retirement, and (3) final compensation. Rather than depending on investment returns or employee contributions, retirees received a guaranteed lifetime benefit determined by statute and, if applicable, collective bargaining agreements. Retirement formulas varied by employee classification, with public safety employees generally receiving more generous benefits than miscellaneous employees because of the physical demands and earlier retirement expectations associated with those occupations.

Prior to 1999, the retirement formulas available to state employees were generally more modest than those adopted in subsequent years. For example, many state miscellaneous employees were covered by a formula that provided approximately 2 percent of final compensation for each year of service at age 60 ("2 percent at 60"), while safety employees typically received formulas such as 3 percent at age 50. Final compensation for many members was based on the highest average compensation earned over a three-year period, which moderated pension costs by reducing the effect of end-of-career salary increases.

Senate Bill 400 (1999). Enacted during a period of exceptional investment returns and strong funding levels, SB 400 (Ortiz, chapter 555, statutes of 1999) significantly enhanced retirement benefits for many CalPERS members. The legislation was premised on the expectation that robust investment earnings would finance much of the increased cost without requiring substantial additional employer contributions. Among its most significant provisions, SB 400:

- Increased retirement formulas for many state miscellaneous employees from 2 percent at age 60 to 2 percent at age 55, with benefit factors increasing to 2.5 percent at age 63.

- Applied the enhanced benefit formulas retroactively to both past and future service, substantially increasing the pensions of current employees.

- Changed the calculation of final compensation for many state and school members from the highest consecutive three-year average salary to the highest consecutive 12-month salary, resulting in larger pension benefits.

- Authorized numerous state and local employers to adopt enhanced retirement formulas for additional employee groups, particularly public safety employees.

Impact of SB 400. SB 400 substantially increased long-term pension liabilities for CalPERS and participating public employers. Although the legislation was enacted when CalPERS was more than fully funded and investment markets were producing historically high returns, subsequent market downturns—particularly the dot-com collapse and the 2008 financial crisis—revealed that investment earnings alone were insufficient to finance the enhanced benefits. Employer contribution rates increased significantly over time as unfunded liabilities grew, placing additional pressure on state and local government budgets. While investment losses and other actuarial factors also contributed to the growth in pension liabilities, SB 400's retroactive benefit enhancements are widely regarded as one of the principal factors increasing the long-term cost of California's public pension systems.

Assembly Bill 340 (2012) – Public Employees' Pension Reform Act. In response to growing pension liabilities and escalating employer costs, the Legislature enacted AB 340 (Furutani, Chapter 296, Statutes of 2012), establishing the California Public Employees' Pension Reform Act of 2013 (PEPRA). The reforms took effect on January 1, 2013, and primarily apply to individuals who first entered California public retirement systems on or after that date ("new members"). Existing employees (referred to as “classic” members) generally retained the retirement benefits they had already earned. PEPRA implemented numerous reforms designed to reduce future pension costs, including:

- Establishing lower retirement formulas for new employees, such as 2% at age 62 for many miscellaneous state employees and 2.7% at age 57 for many public safety employees.

- Increasing normal retirement ages for many employee groups.

- Requiring new members to pay at least 50% of the normal cost of their pension benefits, subject to collective bargaining.

- Imposing limits on pensionable compensation that may be used to calculate retirement benefits.

- Narrowing the definition of pensionable compensation by excluding certain forms of pay from retirement calculations.

- Restricting pension-spiking practices and placing new limits on post-retirement employment.

Impact of AB 340 (PEPRA). PEPRA fundamentally changed the trajectory of California's public pension systems by reducing the cost of retirement benefits for employees hired on or after January 1, 2013, while preserving the vested benefits of existing employees. Because the reforms apply only to new members, their fiscal effects have accumulated gradually as the workforce has turned over. As a result, an increasing share of employees is now covered by lower-cost benefit formulas, reducing normal pension costs and slowing the growth of future pension liabilities.

These reductions, however, do not represent actual budgetary savings or cash available for other state priorities. Instead, they reflect avoided costs—estimates of how much higher employer pension contributions would have been absent PEPRA. Employer pension contributions have generally continued to increase as governments fund benefits earned by current employees and pay down substantial unfunded liabilities associated with benefits earned before PEPRA's enactment. Thus, while PEPRA has improved the long-term sustainability of California's public retirement systems by lowering the cost of future benefits, it has not eliminated existing pension debt or reduced annual pension expenditures in absolute terms.

Thus, PEPRA did not eliminate existing unfunded liabilities associated with benefits previously earned by employees and retirees, which continue to require significant employer contributions. As a result, while PEPRA improved the long-term sustainability of California's public retirement systems, governments remain responsible for amortizing pension obligations that accrued before the reforms took effect.

Comments

AB 1383 Risks. According to the California Actuarial Advisory Panel (CAAP):

"In addition to increasing liabilities and normal cost rates, the changes to the benefit formulas and compensation limits can be expected to increase the future volatility of costs. Higher benefits must eventually result in higher liabilities and assets. With more assets invested in the market, investment risk will go up. With higher liabilities, changes in behavior or assumptions that affect those liabilities - such as a potential future reduction in the discount rate - will have a greater impact on the required contributions.

The changes in the benefits may also result in modifications in member behavior that could result in other unexpected downstream effects. For example, improvements in the benefit multiplier for public safety members at earlier ages could result in changes in the retirement patterns for these members. These changes may not only affect plan costs, but also other compensation and personnel-related costs, such as post-retirement medical benefits and training or recruitment expenses."

In other words, if the market significantly deteriorate and/ or members work longer to earn higher pensions under the new formulas than they otherwise would have under the PEPRA formulas, both pension costs and other post-employment benefit costs will be higher than these estimates. Moreover, CalPERS' estimates for AB 1383 are based on 2024 data. The economy has become much more volatile in the last 2 years with the Iran war-related and Trump tariff-related inflation spikes, the increasing concern over private equity valuations (where CalPERS has substantially increased its portfolio weighting), the potential that we are living through another era of "irrational exuberance" in the stock market driven by AI technology investments, and the expected disruption of economic activity by those AI innovations.

AB 1383's Potential Inequity from Lifting the Compensation Caps. According to CAAP: "For PEPRA members, current statutes require that members pay at least half of the normal cost (subject to rounding provisions for some groups). As discussed above, the overall normal cost is expected to increase for all groups if they include members with benefits that are expected to be affected by the current PEPRA compensation limits, including non-Safety groups. If this occurs, PEPRA member contribution rates will increase for all members of the group [, unless the employer negotiates to pay more than half the normal cost, which would now be allowed under AB 1383 [3]]. In other words, it is likely that all PEPRA members

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[3] The bill no longer authorizes employers and employee representatives to negotiate for the employer to pay the employee contribution. Thus, any increase to normal costs will most likely impact lower-wage employees who will never benefit

would be required to contribute more, even though only the more highly compensated individuals will experience any benefit improvement, at least for the non-Safety groups."

In other words, lower compensated employees whose salary will never hit the current compensation limits will pay more so that highly compensated employees can get an even larger pension.

Unintended Victims if Cost Estimates Are Incorrect. Pension benefits, with good reason, have special protection in California under constitutional case law. Once given, employers can almost never take back the benefits for members who were working when the new benefits were offered. If benefit costs exceed projections, pension systems' unfunded liability goes up. That requires the systems to raise employer contributions and may result in pressure for employees to reach an agreement to share in the increased unfunded liability. Employees, especially veteran employees, may find that option more palatable than potential immediate reductions in force, suspension of anticipated raises, colas, or other benefit enhancements since the unfunded liability costs would be amortized over 20 years under current CalPERS policy. In any case, those increased employer costs reduce public funding that could otherwise be used to support vulnerable communities who depend on public services for other critical services, especially in health and welfare programs. Because projected costs are likely to increase during economic downturns, these reductions hit those vulnerable communities at the moment they most need public services and when public employers' resources are most strained.

Ironically, public employee recruitment and retention can also suffer significantly since public employers often respond to resource and cost pressures from increased personnel costs and economic downturns by eliminating positions. That can result in fewer employees being pressured to do far more work with a lot less help and fewer resources. It can also lead to younger employees being blocked from advancement opportunities because of position and wage freezes.

AB 1383's Effect on Local Government with Pension Systems other than CalPERS. The proponents have focused exclusively on costs to the state from changes to CalPERS' plans. However, this bill's provisions mandate that all public pension funds adopt the McKinnor compensation caps and formulas. There are 20 CERL county systems and several other independent systems that will face increasing

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from the increased pensionable compensation caps. Effectively, lower-paid employees will partially subsidize larger pensions to highly compensated employees.

costs because of this bill's mandate. Those costs have not been evaluated, presumably because they are local costs not General Fund costs. Yet should those local governments fail to be able to pay the increased pension costs, there will be great pressure for the state to bail them out. In any event, those costs will compound the reduction for services to vulnerable populations as outlined above, given that counties and local districts play an outsized role in providing those services. Committee time constraints prevent a substantive analysis of this bill's potential impact on local government, but opponents and researchers have expressed significant concern that local governments are already under-resourced and unprepared for this bill's costs. [4] For example, according to a coalition of local government associations, including the California State Association of Counties:

"Unfortunately, pension costs for many California public agencies continue to be a challenge, threatening the delivery of basic public services, compromising general fund budgets and, indeed, posing a long-term fiscal challenge to the State itself. That is why it is increasingly important that any change to the system be sustainable, fair to taxpayers and employees, and provide long-term financial stability. Any change to PEPRA must protect the fiscal integrity of public agencies and retirement for public employees."

Related/Prior Legislation

AB 1054 (Gipson) would establish 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 a guaranteed specified interest 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. The bill is currently on the Senate Floor.

SB 292 (Pan, 2015) specified that the requirement for employees subject to PEPRA to pay 50 percent of the actuarial normal cost of their pension benefits does not apply in specific cities and one county in which voter-approved tax levies were

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[4] State Association of County Retirement Systems (SACRS) June 3, 2025, letter to Honorable Tina McKinnor; Local *Governments Not in Position for AB 1383*, Reason Foundation, May 2026

enacted prior to 1978 for the purpose of paying pension costs. The Governor vetoed the bill.

SB 13 (Beall, Chapter 528, Statutes of 2013) made technical corrections to PEPRA in order to clarify the Legislature's intent in enacting PEPRA and to assist affected employers and retirement systems in implementation of PEPRA.

AB 340 (Furutani, Chapter 296, Statutes of 2012) established PEPRA, which made major revisions to the public retirement systems' laws and applied to all public employers and public pension plans on and after January 1, 2013.

SB 400 (Ortiz, Chapter 555, Statutes of 1999), among other things, provided enhanced retirement formulas for State Peace Officer/Firefighter members who retire on or after January 1, 2000. The enhanced formula provided a retirement benefit factor of 3 percent at and after age 55 and allowed members to retire, on a discounted basis, as early as age 50 and also provided enhanced pension formulas for state patrol members who retire on or after January 1, 2000. The enhanced formula provided a retirement benefit factor of 3 percent at age 50 and was also available as a contract option for local contracting agencies.

SUPPORT: (Verified 8/13/26)

California Professional Firefighters (source)
Aaron Read & Associates
Alameda City Firefighters Local 689
Alameda County Firefighters IAFF Local 55
Alameda Police Officers Association
American Federation of State, County and Municipal Employees
Anaheim Firefighters Association Local 2899
Apple Valley Professional Firefighters Association Local 4742
Arcadia Firefighters Association Local 3440
Arcata Professional Firefighters Local 4981
Association for Los Angeles Deputy Sheriffs
Association of Orange County Deputy Sheriffs
Atascadero City Firefighters Local 3600
Barstow Professional Firefighters Association Local 2325
BART Police Officers' Association
Berkeley Fire Fighters Association Local 1227
Brea Professional Firefighters Association
Burbank Fire Fighters Local 778
Cal Fire Local 2881
Calaveras Professional Firefighters Association Local 5149

California Association of Psychiatric Technicians
California Federation of Labor Unions
California Fire Chiefs Association
California Fish & Game Warden Supervisors and Managers Association
California Fraternal Order of Police
California School Employees Association
California Statewide Law Enforcement Association
Calistoga Professional Firefighters Association Local 5606
Carlsbad Firefighters Association Local 3730
Cathedral City Firefighters Association Local 3654
Cathedral City Police Management Association
Central Firefighters Local 3535
Chico Firefighters Local 2734
Chino Valley Professional Firefighters Local 3522
Chowchilla City Police Officers' Association
Chula Vista Firefighters Local 2180
City of Downey Police Department
City of Gilroy Council Member Zach Hilton
Compton Fire Fighters Local 2216
Contra Costa County Deputy Sheriffs Association
Contra Costa County Professional Firefighters Local 1230
Corona Firefighters Association Local 3757
Coronado Fire Fighters Association Local 1475
Costa Mesa Firefighters Local 1465
Culver City Firefighters Association Local 1927
Davis Professional Firefighters Association Local 3494
Deputy Sheriff's Association of Santa Clara County
El Cajon Firefighters Local 4603
El Cajon Police Officers' Association
El Dorado Hills Professional Firefighters Local 3604
El Segundo Firefighters Association Local 3682
Encinitas Firefighters Association Local 3787
Escondido Firefighters Local 3842
Fallbrook Firefighters Association Local 1622
Fire Districts Association of California
Five Cities Professional Firefighters Local 4403
Fountain Valley Firefighters Local 4530
Fremont Fire Fighters Local 1689
Fresno Deputy Sheriff's Association
Fullerton Firefighters Association Local 3421

Gilroy Fire Fighters Local 2805
Glendale Professional Firefighters Local 776
Hanford Police Officers Association
Hawthorne Police Officers Association
Hayward Fire Fighters Local 1909
Healdsburg Fire Fighters Local 2604
Heartland Firefighters of LA Mesa Local 4759
Heartland Firefighters of Lemon Grove Local 2728
Hemet City Firefighters Association Local 2342
Huntington Beach Firefighters Association Local 3354
Imperial Beach Firefighters Association Local 4692
Kern County Firefighters Local 1301 Union
LA Mesa Police Officers Association
LA Verne Firefighters Association Local 3624
Laguna Beach Firefighters Local 3684
Lakeside Firefighters Association Local 4488
Lieutenant Governor Eleni Kounalakis
Livermore-Pleasanton Firefighters Local 1974
Long Beach Firefighters Local 372
Long Beach Police Officers Association
Los Angeles County Firefighters Local 1014
Los Angeles County Professional Peace Officers Association
Los Angeles Port Police Association
Marin Professional Firefighters Local 1775
Marina Peace Officer Association
Merced City Firefighters Local 1479
Milpitas Firefighters Local 1699
Modesto City Firefighters Local 1289
Monrovia Firefighters Local 2415
Montebello Firefighters Association Local 3821
Monterey Firefighters Association Local 3707
Murrieta Fire Fighters Local 3540
Napa City Fire Fighters Local 3124
Nasa JPL Professional Firefighters Local I-94
National City Firefighters Association Local 2744
Nevada County Professional Firefighters Local 3800
Newport Beach Firefighters Association Local 3734
Oakland Firefighters Local 55
Oceanside Firefighters Association Local 3736
Ontario Professional Firefighters Local 1430

Orange City Firefighters Local 2384
Orange County Professional Firefighters Association, Local 3631
Oxnard Firefighters Local 1684
Palm Springs Firefighters Association Local 3601
Palo Alto Police Officers' Association
Palo Alto Professional Firefighters Local 1319
Pasadena Firefighters Local 809
Paso Robles Professional Firefighters Local 4148
Patterson Firefighters Association Local 4577
Peace Officers Research Association of California
Petaluma Firefighters Local 1415
Plumas County Sheriff's Employees' Association
Poway Firefighters Association Local 3922
Professional Firefighters of Sonoma County Local 1401
Rancho Cucamonga Firefighters Association Local 2274
Rancho Santa Fe Professional Firefighters Association Local 4349
Redlands Police Officers Association
Redlands Professional Firefighters Association Local 1354
Redondo Beach Fire Association Local 2787
Rialto Professional Firefighters Local 3688
Richmond International Association of Firefighters Local 188
Riverside City Firefighters Association Local 1067
Riverside Sheriffs' Association
Running Springs Professional Firefighters Local 5308
Sacramento Area Firefighters Local 522
Sacramento County Deputy Sheriffs Association
Salinas Fire Fighters Local 1270
San Bernardino County Sheriff's Employees' Benefit Association
San Diego City Fire Fighters Local 145
San Diego County Probation Officers Association
San Francisco Fire Fighters Local 798
San Gabriel City Firemen’s Association Local 2197
San Joaquin County Correctional Officers Association
San Jose Fire Fighters Local 230
San Luis Obispo City Firefighters Local 3523
San Marcos Firefighters Association Local 4184
San Mateo County Firefighters Local 2400
San Ramon Valley Firefighters Association Local 3546
Santa Ana Police Officers Association
Santa Barbara City Firefighters Association Local 525

Santa Barbara County Firefighters Local 2046
Santa Clara City Firefighters Local 1171
Santa Clara County Firefighters Local 1165
Santa Cruz City Firefighters Local 1716
Santa Cruz Deputy Sheriffs Association
Santa Maria City Firefighters Local 2020
Santa Monica Fire Fighters Local 1109
Sausalito Police Association
Seaside Firefighters Local 1218
SEIU California
Sierra County Deputy Sheriff's Association
Sierra County Sheriff
Sierra Madre Professional Firefighters Local 5216
Sierra Nevada Firefighters Local 3800
Solana Beach Firefighters Local 3779
Sonoma County Deputy Sheriffs' Association
Sonoma County Law Enforcement Association
St. Helena Police Officers' Association
Stanislaus Consolidated Firefighters Local 3399
Stockton Firefighters Local 456
Templeton Firefighters Local 5422
Torrance Fire Fighters Association Local 1138
Tracy City Fire Fighters Local 3355
Union City Police Officer's Association
Union of American Physicians and Dentists
Vacaville Firefighters Association IAFF Local 3501
Vandenberg Professional Firefighters Local F-116
Ventura City Firefighters Association Local 3431
Ventura County Deputy Sheriffs Association
Ventura County Professional Firefighters Association Local 1364
Ventura County Professional Peace Officers Association
Vista Firefighters Association Local 4107
Walnut Creek Police Officer Association
Watsonville Professional Firefighters Local 1272
West Covina Fire Fighters Local 3226
Williams Police Officers Association
Woodland Professional Firefighters Local 4029

OPPOSITION: (Verified 8/13/26)

Amador Water Agency
Association of California Cities - Orange County
Association of California School Administrators
Beverly Hills; City of
Brea; City of
California Association of Recreation & Park Districts
California Association of School Business Officials
California Special Districts Association
California State Association of Counties
California Transit Association
City of Adelanto
City of Alameda
City of Belmont
City of Benicia
City of Big Bear Lake
City of Burbank
City of Calimesa
City of Carpinteria
City of Citrus Heights
City of Colton
City of Concord
City of Cotati
City of Del Mar
City of Dublin
City of Fairfield
City of Firebaugh
City of Folsom, California
City of Fontana
City of Fortuna
City of Garden Grove
City of Grand Terrace
City of Hermosa Beach
City of Highland
City of Inglewood City Hall
City of Irwindale
City of LA Palma
City of LA Quinta, Riverside County, California
City of Lakewood CA
City of Lancaster

City of Larkspur
City of Livermore
City of Lomita
City of Los Alamitos
City of Lynwood
City of Manteca
City of Mill Valley
City of Morro Bay
City of Napa
City of Norwalk
City of Pacific Grove
City of Paramount
City of Pasadena
City of Perris
City of Pleasanton
City of Port Hueneme
City of Poway
City of Rohnert Park
City of Salinas
City of San Rafael
City of San Ramon
City of Santa Paula
City of Santa Rosa
City of Solvang
City of Sonoma
City of St. Helena
City of Stanton
City of Suisun City
City of Sunnyvale
City of Vernon
City of Walnut
City of Weed
City of Yorba Linda
Coalinga; City of
Conejo Recreation and Park District
Contra Costa County
County of Humboldt
County of Kern
County of Napa
Cucamonga Valley Water District

Danville; Town of
Fillmore; City of
Fresno Mosquito and Vector Control District
Hemet; City of
Herlong Public Utility District
Howard Jarvis Taxpayers Association
Kingsburg; City of
LA Habra: City of
League of California Cities
Los Angeles Unified School District
Marin County Council of Mayors and Council Members
Mission Viejo; City of
Murrieta; City of
Oceanside; City of
Olivenhain Municipal Water District
Rural County Representatives of California (RCRC)
Soledad; City of
Sonoma County Mayors' and Councilmembers' Association
Stanton; City of
Templeton Community Services District
Town of Apple Valley
Town of Fairfax
Town of Moraga
Tulare; City of
Urban Counties of California
Valley Center Municipal Water District
Valley Sanitary District

ARGUMENTS IN SUPPORT: According to a coalition of firefighter unions:

"Firefighting is one of the most difficult and dangerous jobs imaginable. Those who answer the call to serve their communities put their mental and physical health on the line every time they respond to an incident, risking a known range of injuries and illnesses to serve the public. Firefighters carry a 14% higher risk of dying of cancer than the general population. This risk is so great that the International Agency for Research on Cancer (IARC) has classified occupational exposure as a firefighter as a Group 1 known human carcinogen.

These cancer risks come from innumerable sources, including circadian rhythm disruption, smoke inhalation, exposure to toxic chemicals and substances, and many more. Every day on the job represents a new set of exposures to these known risks.

Asking firefighters to work for a significantly longer period in a deadly profession for a reduced pension does not make economic sense. While changes to the pension systems that disadvantage workers are nearly always framed in financial terms such as increasing the health of the fund and reducing taxpayer costs, these costs are not fully eliminated but transferred.

Put most simply – the longer a firefighter is forced to work, the more likely it is they will develop cancer or another job-caused illness, thereby incurring significant workers' compensation and industrial disability retirement costs. Due to minimum staffing requirements, every day that a firefighter is off the job due to a job-caused injury or illness, another member must be assigned to take their place, adding the cost of mandatory overtime to what is necessary for treatment. With these health risks in mind, the adjustments proposed by AB 1383 will help protect firefighters by providing pathways for a dignified retirement by age 55.

Outside of health-related issues, a recent report by the National Institute on Retirement Security found that pension benefits drive significant economic activity in California, both through the direct support of jobs and their wages as well as the spending power granted to retirees by their secure retirement. This activity included $28.4 billion in wages and salaries, $86.9 billion in economic output, and $16.6 billion in federal, state, and local tax revenues. This results in the "pension benefit multiplier" that means each dollar paid out in pension benefits results in $1.27 in economic output, and the "taxpayer investment factor" that means each dollar contributed by taxpayers results in $4.30 in economic output."

ARGUMENTS IN OPPOSITION: According to a coalition of approximately several local government associations, including the League of California Cities, the California State Association of Counties, and the California Special Districts Association:

"AB 1383 increases mandated costs without a way for public agencies to absorb them.

The potential cost of this bill comes at a time of fiscal uncertainty. Much like the state, local agencies are facing budget challenges, as revenues are not keeping pace with the costs of delivering services or new mandates and are facing significant loss of resources and heightened responsibilities due to passage of H.R. 1. Some local agencies are currently considering significant budget cuts across all departments. AB 1383 would cause increased benefit costs and new cost pressures, leading to serious cost increases for local government.

According to CalPERS, given the current discount rate of 6.8%, *AB 1383 is expected to increase the required contributions of employers and PEPRA members and increase the present value of future benefits (PVB) by $4.8 billion across State, Schools, and Local Agency plans.* In addition to the change in PVB, CalPERS estimates that the *change to the accrued liability to be $233 million* across State, Schools, and Local Agency plans. Additionally, AB 1383 further proposes that employers may increase their PEPRA formula to 3% at age 55 through individual agency collective bargaining. The benefit for this formula will be limited to 90 percent of final compensation. The increase in the normal cost due to this change could lead to increased annual normal cost contributions of $353 million in the first year and increase the present value of future benefits by $3.4 billion.

The CalPERS analysis does not include estimates for non-CalPERS pension systems, including for the twenty county-operated pension systems. Additionally, these costs are based on a snapshot of current compensation for public employees and could be heightened significantly if compensation increases rise and exceed the current compensation cap.

As of June 30, 2025, the Public Employees Retirement Fund (PERF) was approximately 79% funded. If CalPERS misses its investment return mark of 6.8%, local agencies in CalPERS and the State have to pay the difference. Again, this bill would compound costs for local governments and the State and do nothing to offset the costs.

While this bill may be prospective, agencies have already been authorizing salary increases since the passage of PEPRA under the assumption that the cost of benefits would remain in line with current PEPRA law. The prospective costs would likely cause an immediate financial strain on any agency, especially those with a large number of PEPRA safety employees."

ASSEMBLY FLOOR: 70-2, 1/29/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Dixon, Elhawary, Flora, Fong, Gabriel, Gallagher, Garcia, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Michelle Rodriguez,

Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NOES: DeMaio, Tangipa
NO VOTE RECORDED: Arambula, Ellis, Gipson, Johnson, Macedo, Ransom, Celeste Rodriguez, Valencia

Prepared by: Glenn Miles / L., P.E. & R. / (916) 651-1556
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