UNFINISHED BUSINESS

Bill No: SB 443
Author: Rubio (D)
Amended: 8/28/25 in Assembly
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 3/26/25
AYES: Smallwood-Cuevas, Strickland, Cortese, Durazo, Laird

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 39-0, 6/3/25
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear,
   Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez,
   Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar,
   Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-
   Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Reyes

ASSEMBLY FLOOR: 76-1, 9/2/25 - See last page for vote

SUBJECT: Retirement: joint powers authorities

SOURCE: City of La Verne, City of Covina

DIGEST: This bill clarifies that a Joint Powers Authority (JPA) may offer the
classic pension formula, as specified, to the JPA employees associated with a non-
founding public agency who become employees of the JPA within 180 days of the
non-founding public agency joining the JPA. The bill also authorizes the Pajaro
Regional Flood Management Agency to offer a classic pension formula to eligible
employees, as specified.

Assembly Amendments of 8/28/25

- Require a JPA to obtain the retirement system's approval from a retirement system, as specified, prior to adding a new employer to the JPA and enrolling any of its employees into membership.

- Authorize the Pajaro Regional Flood Management Agency to select and offer to its eligible employees, as specified, the retirement formula that one of its member agencies provided prior to January 1, 2013.

- Add language to avoid conflicting provisions of SB 443 with SB 853 (Senate Committee on Labor, Public Employment and Retirement) should both bills be passed and chaptered.

ANALYSIS:

Existing law:

1) Authorizes, under the Joint Exercise of Powers Act, public agencies to enter into agreements to jointly exercise any power common to the contracting parties, including providing for the creation of an agency or entity that is separate from the parties to the agreement and is responsible for the administration of the agreement. (Government Code §6500 et seq.)

2) Allows the JPA formed by the public agencies to contract with the California Public Employees' Retirement System (CalPERS) to offer retirement benefits to the JPA's employees provided that the JPA meets the federal definition of a governmental plan. (Government Code §20460 et seq.)

3) Establishes, under the Public Employees' Pension Reform Act (PEPRA) a new retirement plan formula and requires public employers to offer the PEPRA formula to new employees first hired into public service after January 1, 2013, as defined. (Government Code §7522 et seq.)

4) Requires pre-PEPRA members (i.e., classic members) who move between public employers within a 180-day time period, to be eligible to receive the benefit plans their new public employer offered to its employees on December 31, 2012 (i.e., the benefit plan in place prior to PEPRA implementation). (Government Code §7522.02)

5) Allows a JPA formed by the cities of Brea and Fullerton on or after January 1, 2013, to provide employees who transfer to the JPA from Brea or Fullerton with the classic retirement formulas that the employees were receiving on

December 31, 2012, from their respective employers. (Government Code §7522.02 (f))

6) Clarifies that the formation of the JPA by Brea and Fullerton shall not act in a manner so as to exempt a member from PEPRA who would otherwise be subject to PEPRA. (Government Code §§7522.02 (f) (3))

7) Allows a JPA formed on or after January 1, 2013, where at least one member agency provided classic retirement benefits on or before December 31, 2012, to provide its employees the defined benefit plan or formula that those employees received from their respective employers prior to the exercise of a common power. The employee must not have been a PEPRA member with the member agency and the JPA must employ the member within 180 days of the member agency providing for the exercise of a common power. (Government Code §7522.05 (a))

8) Provides that the formation of a JPA on or after January 1, 2013, shall not act in a manner as to exempt a new employee or a new member, as defined by Section 7522.04, hired by that JPA from PEPRA's requirements. New members may only participate in a defined benefit plan or formula that conforms to PEPRA's requirements. (Government Code §7522.05 (b))

This bill:

1) Clarifies that a JPA may offer the classic pension formula, as specified, to its employees associated with a non-founding public agency who become employees of the JPA within 180 days of the non-founding public agency joining the JPA.

2) Authorizes the Pajaro Regional Flood Management Agency to select a classic pension formula that one of its member agencies offered prior to January 1, 2013, and to offer that formula to its eligible JPA employees, as specified, that were previously subject a classic pension formula at the JPA's member agency or another local governmental agency.

3) Contains provisions from SB 853 (Senate Committee on Labor, Public Employment and Retirement) amending the same provision of the Government Code to avoid chaptering out conflicts if both bills pass and become law.

Background:

Cities, school districts and special districts often create a JPA to pool resources and provide services across multiple agencies. The member agencies may retain their employees associated with the provided service. Alternatively, they may transfer those employees to the JPA where thee employees become JPA employees. Under current law, the JPA can provide those employees a classic pension formula if they were receiving a classic pension formula from their member agency employer. However, the JPA must act to do authorize the classic formula within 180 days of the JPA's creation.

A problem occurs when otherwise eligible public employees with classic formulas transfer to the JPA from a non-founding member agency that joins the JPA 180 days after the founding agencies created the JPA. Such employees may not be eligible for the classic formula from the JPA. If these employees lose their classic formula by their employer joining the JPA, they are likely to be significantly opposed to the agency becoming a member of the JPA.

This bill would clarify that the JPA can offer the non-founding member agency's employees who transfer to the JPA, a classic formula within 180 days from the time the member agency joins the JPA rather than 180 days from when the founding agencies created the JPA.

This bill also resolves a similar problem for the Pajaro Valley Flood Management District, a JPA created after the implementation of PEPRA. The district has not been able to offer classic pension formulas to employees from other agencies where those employees have a classic formula, thus significantly hindering recruitment for urgent projects to address flood protection in the Pajaro Valley.

Related/Prior Legislation

SB 24 (Hill, Chapter 531, Statutes of 2016) authorized a JPA formed by the Belmont Fire Protection District, the Estero Municipal Improvement District, and the City of San Mateo on or after January 1, 2013, to provide employees the classic retirement formula that the employees received from their respective city employer forming the JPA prior to the JPA's formation.

SB 354 (Huff, Chapter 158, Statutes of 2015) clarified the time period during which a CalPERS classic member employed by the cities of Brea and Fullerton can transfer to a JPA formed by those two cites and retain classic benefit formulas received prior to the transfer.

SB 1251 (Huff, Chapter 757, Statutes of 2014) created the exemption in PEPRA to allow classic employees transferred to a new JPA formed by the cities of Brea and Fullerton after January 1, 2013, to retain their classic retirement benefits following transfer to and employment in the JPA.

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

According to the Assembly Appropriations Committee, this bill has no fiscal effect.

SUPPORT: (Verified 9/1/25)

City of Covina (co-source)
City of La Verne (co-source)
American Federation of State, County and Municipal Employees
California Professional Firefighters
Pajaro Regional Flood Management Agency

OPPOSITION: (Verified 9/1/25)

None received

ARGUMENTS IN SUPPORT:

According to the City of La Verne:

"Under the current interpretation of CalPERS guidelines, employees transferring to the JPA more than 180 days after its formation may be denied the ability to retain their Classic CalPERS status and would instead be subject to the Public Employees' Pension Reform Act (PEPRA). This presents a major barrier to the successful regionalization of critical JPAs, particularly in the public safety sector, where senior employees are crucial to the JPA's success. The potential loss of Classic status is a significant disincentive for these experienced employees, who are integral to the JPA's operations. This also risks creating strong opposition from labor unions and public agencies, potentially jeopardizing efforts to expand the JPA and undermine the long-term success of the initiative.

SB 443 addresses this issue by clarifying that any new public agency joining the existing JPA qualifies as an "exercise of a common power," allowing the transfer of employees within 180 days and preserving their Classic CalPERS status. This will foster broader participation in JPAs and promote the retention of senior public sector officers, ensuring the initiative can move forward successfully and deliver long-term benefits to our communities."

ASSEMBLY FLOOR: 76-1, 9/2/25
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, 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
NOES: DeMaio
NO VOTE RECORDED: Berman, Gallagher

 Prepared by: Glenn Miles / L., P.E. & R. / (916) 651-1556
9/3/25 18:38:11

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