

SENATE THIRD READING

SB 853 (Committee on Labor, Public Employment and Retirement)

As Amended July 15, 2025

Majority vote

SUMMARY

Make various technical, clarifying, or noncontroversial changes to the Teachers' Retirement Law (TRL), administered by the California State Teachers' Retirement System (CalSTRS); Public Employees' Retirement Law (PERL), administered by the California Public Employees' Retirement System (CalPERS); County Employees' Retirement Law (CERL), administered by the 20 county employee retirement associations, for purposes of continued efficient and effective administration; and, the Public Employees' Pension Reform Act (PEPRA) of 2013.

Major Provisions

1) Relating to the TRL:

- a) Clarify that CalSTRS members' "annual pay rate" is salary, as defined, that the member could earn from each position the member holds during the school term, not from only one position the member holds during the term.
- b) Explicitly restate, consistent with existing law pursuant to the California Constitution and by statute, that the CalSTRS board has final authority for determining who is an employer for purposes of CalSTRS programs and whom the board may admit into CalSTRS membership.
- c) Make technical changes to a program that allows CalSTRS members who have reduced workloads to earn a full year service credit by measuring earnings of annualized pay rates, instead of days or hours worked.
- d) Clarify that specified transfers or payments from the General Fund to the Teachers' Retirement Fund that occur on a weekend or holiday must be transferred the next business day.

2) Relating to the PERL:

- a) Add clarifying language referencing pensionable compensation in various sections to conform to the PEPRA.
- b) Correct a technical drafting error treating compensation in the Judges' Retirement System (JRS) I, JRS II, the Legislators Retirement System, and CalSTRS as compensation earnable or pensionable compensation, as applicable, in CalPERS when the member retires concurrently from one of those systems and from CalPERS.
- c) Mirror certain provisions in Senate Bill 443 (Rubio) of 2025 specifically relating to the Pajaro Regional Flood Management Agency – a Joint Powers Authority – to resolve a chaptering conflict.

Relating to the CERL:

- a) Clarify that for members subject to the PEPRA, the CERL system must compute absences using the member's pensionable compensation at the beginning of the member's absence.
 - b) Clarify that where a member's service through reclassification has been converted from general to safety member service, service converted after the PEPRA's effective date is subject to the PEPRA's prohibition on retroactive benefits; thereby, clarifying that the conversion must only apply to service after the operative date of the reclassification – not all prior service.
 - c) Clarify how CERL employers should report retired annuitants to their retirement association.
- 3) Relating to the PEPRA:
- a) Make a technical amendment to create a separate statutory subdivision in the act for existing safe harbor exemptions relating to trial court employees whom are classic members that is currently, but erroneously, included within the safe harbor statutory subdivision of the act specifically relating to Joint Powers Authority (JPA) employees whom are classic members.

COMMENTS

Background

Each year, the state's various public employee retirement system segments may seek conforming, noncontroversial, nonsubstantive and minor, or technical changes to the respective laws under which they operate for the continued efficient and effective administration of the system and those laws. This annual measure represents that effort.

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

According to the Author

"This bill is necessary to make various technical, conforming, and minor changes to the Education and Government codes necessary for the efficient administration of the state's public retirement systems."

Arguments in Support

According to CalSTRS, a cosponsor, "[t]his measure contains the annual provisions that make various minor, technical and conforming changes to the [TRL] alongside minor, technical and conforming changes in the [PERL and CERL]. This bill is necessary to permit continued effective administration of CalSTRS."

According to CalPERS, "[t]his... co-sponsored bill makes minor policy and technical changes to the [PERL, TERL, and CERL]. As it pertains to CalPERS, [this bill] clarifies that several final compensation-related provisions in the PERL apply to both classic [and PEPRA] members."

On behalf of the 20 CERL systems, the State Association of County Retirement Systems states that, "[t]his bill is necessary to make various technical, conforming, and minor changes to the

Education and Government codes necessary for the efficient administration of the state's public retirement systems."

Arguments in Opposition

None on file.

FISCAL COMMENTS

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

VOTES**SENATE FLOOR: 37-0-3**

YES: Allen, 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, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Alvarado-Gil, Reyes, Rubio

ASM PUBLIC EMPLOYMENT AND RETIREMENT: 7-0-0

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

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Sanchez, Arambula, Calderon, Nguyen, Dixon, Elhawary, Aguiar-Curry, Hart, Pacheco, Pellerin, Solache, Ta, Tangipa

ABS, ABST OR NV: Mark González

UPDATED

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