



Board of Administration

Agenda Item 8b

February 19, 2025

Item Name: State Legislative Proposal: Technical and Clarifying Amendments to the Public Employees' Retirement Law

Program: Legislation

Item Type: Action

Recommendation

Sponsor legislation to make technical and clarifying changes to sections of the Government Code affecting the benefit programs administered by the California Public Employees' Retirement System (CalPERS).

Executive Summary

CalPERS team members are seeking the approval of the CalPERS Board of Administration to sponsor legislation that would make the following technical and clarifying changes:

- Clarify that several final compensation-related provisions in the Public Employees' Retirement Law (PERL) apply to both classic members and members subject to the Public Employees' Pension Reform Act of 2013 (PEPRA members).
- Make other technical changes to ensure proper application of the laws administered by CalPERS.

Strategic Plan

This proposal is outside the scope of the 2022-2027 CalPERS Strategic Plan.

Background

CalPERS benefit programs and administrative processes are subject to numerous statutory requirements, which sometimes require updates to conform with related laws. In these cases, recommended legislative changes are appropriate for the continued administration and good governance of CalPERS.

Analysis

The following are the proposed amendments to various sections of the Government Code:

Final Compensation

For classic members, final compensation is based on “compensation earnable.” For PEPRA members, final compensation is based on “pensionable compensation.” Team members have identified several final compensation-related provisions that only reference “compensation earnable.” This proposal will add the term “pensionable compensation” to those statutes to clarify their application to PEPRA members.

Other Technical Changes

This proposal will also make other technical changes to the PERL in accordance with other provisions of state and federal law.

Budget and Fiscal Impacts

None. This proposal will not change any existing business policy or practices.

Benefits and Risks

Benefits:

- Provides consistency in the administration of benefits and streamlines processes to be efficient.

Cons:

- None

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