

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Simitian, et al. Analyst: William Koch Bill Number: SB 1425  
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: August 19, 2010  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** California Public Employees' Retirement System - Retirees Who Have Not Reinstated May Not Perform Services For State Until Separated From Service For At Least 180 Days

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

\_\_\_\_\_ FURTHER AMENDMENTS NECESSARY.

\_\_\_\_\_ DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED \_\_\_\_\_ STILL APPLIES.

OTHER – See comments below.

**SUMMARY**

This bill would, among other things, prohibit any retired member of the California Public Employees' Retirement System (CALPERS) or the State Teachers' Retirement System (STRS) that has not reinstated to active service after retirement from performing services for any employer whose employees are covered by CALPERS or STRS until separated from service for at least 180 days.

This analysis does not address the above provision as it relates to STRS or the other provisions of the bill relating to the calculation of final compensation for purposes of determining retirement benefits for members of CALPERS or STRS.

**SUMMARY OF AMENDMENTS**

The August 19, 2010, amendments revised the operative date from persons retired on or after January 1, 2011, to persons retired on or after January 1, 2012, for the provisions of the bill relating to the employment of retired members of CALPERS. Except for the "Effective/Operative Date," "This Bill," and "Economic Impact" sections, the department's analysis of this bill as amended May 4, 2010, still applies.

Board Position:	Legislative Director	Date
_____ S                      _____ NA                      _____ NP _____ SA                      _____ O                      _____ NAR _____ N                      _____ OUA <input checked="" type="checkbox"/> PENDING	Brian Putler	08/31/10

## **EFFECTIVE/OPERATIVE DATE**

This bill would be effective January 1, 2011, and generally operative on July 1, 2011, except that the provisions of the bill impacting the department are specifically operative for CALPERS members retiring on or after January 1, 2012. This bill would become operative only if AB 1987 (Ma, et al, 2009/10) is also enacted and takes effect on or before January 1, 2011.

## **THIS BILL**

This bill would prohibit any retired member of CALPERS that has not reinstated to active service after retirement from performing services, whether as an employee, through a third party, or as an independent contractor, for any employer whose employees are covered by CALPERS until separated from service for at least 180 days.

The above provision would apply to CALPERS members retiring on or after January 1, 2012. Any retired CALPERS member employed in violation of the above provision would be required to do all of the following:

1. Reimburse CALPERS for any retirement allowance received during the period of employment that is in violation of the law.
2. Pay CALPERS an amount equal to the employee contributions that would have otherwise have been paid during the period of unlawful employment, plus interest.
3. Contribute toward reimbursement of CALPERS' administrative expenses incurred in responding to the unlawful employment, to the extent the member is determined to be at fault.

Any public employer that employs a retired CALPERS member in violation of the above provision would be required to do both of the following:

1. Pay CALPERS an amount equal to employer contributions that otherwise would have been paid for the period that the member was unlawfully employed.
2. Contribute toward reimbursement of CALPERS' administrative expenses incurred in responding to the unlawful employment, to the extent the employer is determined to be at fault.

This bill would become operative only if AB 1987 (Ma, et al, 2009/10) is enacted and takes effect on or before January 1, 2011.

## ECONOMIC IMPACT

### Revenue Estimate

Estimated Revenue Impact of SB 1425 As Amended August 19, 2010 Enactment Assumed September 30, 2010 (\$ in Millions)					
Fiscal Year	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue Loss	-\$0.2	-\$0.7	-\$1.4	-\$1.8	-\$1.8

## LEGISLATIVE STAFF CONTACT

Legislative Analyst  
William Koch  
(916) 845-4372  
[william.koch@ftb.ca.gov](mailto:william.koch@ftb.ca.gov)

Revenue Manager  
Monica Trefz  
(916) 845-4002  
[monica.trefz@ftb.ca.gov](mailto:monica.trefz@ftb.ca.gov)

Legislative Director  
Brian Putler  
(916) 845-6333  
[brian.putler@ftb.ca.gov](mailto:brian.putler@ftb.ca.gov)