

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Neutral

BILL NUMBER: AB 2140
AUTHOR: Lara, Ricardo

BILL SUMMARY: Public Employees' Retirement: State Bargaining Unit 5: Contribution Rates.

To correct an error in current law, this bill would reduce by 3 percent, the current retirement contribution rates of cadet-trainees who are represented by the California Association of Highway Patrolmen (CAHP), Bargaining Unit 5 (BU 5).

FISCAL SUMMARY

This bill would reduce the current 10 percent retirement contribution rates to 7 percent for CAHP cadets who are employees in the state miscellaneous (MISC) retirement category. Amending the current statutory language to reduce the retirement contribution rates of the cadets by 3 percent would be consistent with the savings accounted for in the 2010, 2011, and proposed 2012 Budget Acts. As a result of this bill, the state would need to refund any cadets the contribution amount they contributed in excess of the intended amount, beginning with the September 2011 pay period.

COMMENTS

The Department of Finance is neutral on this bill as it corrects an error in current law to reflect the intent of a negotiated agreement. Bargaining Unit 5 cadets are the group of employees who undergo the six-month California Highway Patrol (CHP) training academy. On average, approximately 120 cadets begin the training academy. During this training period, cadets are classified as MISC employees for California Public Employees' Retirement System (CalPERS) retirement purposes. Upon graduation from the CHP Academy, cadets are promoted to the position of officer and become patrol members of CalPERS. BU 5 is primarily made up of the patrol members.

The CHP cadets are the only employees in BU 5 affected by this bill.

The current BU 5 Memorandum of Understanding (MOU) increased the retirement contribution rate for patrol members from 8 percent to 10 percent. The contribution rate for cadets is not specifically outlined in the BU 5 MOU, however, according to the Department of Personnel Administration (DPA), it was the intent of the state and CAHP to increase the retirement contribution rate of cadets by 2 percent. As evidence of the intent, DPA performed a fiscal analysis of the MOU prior to ratification and the analysis included a retirement contribution rate increase of 2 percent for cadets. However, the increased retirement contribution rates of 2 percent were inadvertently not transferred to the legislation that ratified the BU 5 MOU (Senate Bill 846). SB 846 added GC Section 20677.7, which increased the retirement contribution rates for cadets by 5 percent. This bill corrects that error.

According to DPA, cadets are currently contributing the statutorily required rate of 10 percent and this bill would revise GC Section 20677.7 to reflect the intent of the BU 5 MOU.

Analyst/Principal (0932) K.Martone	Date	Program Budget Manager Diana Ducay	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)

AUTHOR

AMENDMENT DATE

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code	
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014
9800/Emp Comp	SO	No		-----	See Fiscal Analysis	-----		0494
9800/Emp Comp	SO	No		-----	See Fiscal Analysis	-----		0988
<u>Fund Code</u>	<u>Title</u>							
0494	Other - Unallocated Special Funds							
0988	Other - Unallocated NGC Funds							