

ECONOMIC IMPACT ASSESSMENT
(Government Code Section 11346.3(b))

The proposed regulation is necessary for the California Public Employees' Retirement System (CalPERS) to implement and administer the legislative changes mandated by California Public Employees' Pension Reform Act ("PEPRA") and related statutory changes to the Public Employees' Retirement Law (PERL) (Assembly Bill (AB) 340 (Stats. 2012, Ch. 296)). The proposed regulation will clarify CalPERS interpretation of certain PEPRA provisions and detail items considered to be Pensionable Compensation as a result of PEPRA and related statutory changes. The proposed regulation will assist CalPERS staff, CalPERS-covered employers, and members to ensure common understanding with the new statutory provisions by providing CalPERS interpretation of certain terms and phrases that might have more than one meaning. In addition, the proposed regulation serves to provide formal notice to CalPERS-covered employers, members, and other stakeholders of how CalPERS has interpreted certain pension reform terms, the resulting list CalPERS will use, and to help ensure consistent application and implementation of the pension reform provisions for all CalPERS-covered employers and members. The proposed regulation is consistent with existing law and is reasonably necessary to effectuate the purpose of the pension reform statutes.

In accordance with Government Code Section 11346.3(b), CalPERS has made the following assessments regarding the proposed regulation:

CREATION OR ELIMINATION OF JOBS WITHIN THE STATE OF CALIFORNIA

The proposed regulation is designed to assist CalPERS, its members, and covered employers by providing CalPERS interpretation and clarification of certain terms and processes related to the pension reform legislation. No jobs within the State of California will be eliminated by this proposed regulation because this regulation serves only to interpret terms or identify the processes to be used as a result of the pension reform legislation, necessary for CalPERS to implement and administer the new pension reform laws. The workload of State Agencies and other public employers, namely of agencies' personnel offices, may be impacted to some degree as a result of complying with the pension reform legislation. However, at this point, CalPERS is unable to determine 1) the extent of the impacts, if any, that may specifically arise as a result of the proposed regulatory action; 2) whether the workload impacts might result in the creation of additional jobs; or 3) whether the agencies may be able to absorb these impacts, if any, with existing resources.

CREATION OF NEW OR ELIMINATION OF EXISTING BUSINESSES WITHIN THE STATE OF CALIFORNIA

The proposed regulation is designed to assist CalPERS, CalPERS staff, its members, and covered employers, and is not intended to impact any private businesses. It is estimated that no businesses within the State of California will be created or eliminated by this proposed regulation because it serves only to define terms or identify the processes to be used as a result of the pension reform legislation that is necessary for CalPERS to implement the new statutes.

EXPANSION OF BUSINESSES WITHIN THE STATE OF CALIFORNIA

The intent of the proposed regulation is to assist CalPERS, CalPERS staff, its members, and covered employers, by providing CalPERS interpretation of certain terms and processes required by the pension reform legislation. It is therefore, not expected that any existing businesses within the State of California will be expanded or prevented from expansion by this proposed regulation.

BENEFITS OF THE REGULATION TO THE HEALTH AND WELFARE OF CALIFORNIA RESIDENTS, WORKER SAFETY, AND THE STATE'S ENVIRONMENT

By providing CalPERS interpretation of certain terms and identifying processes needed to administer and implement the pension reform legislation, the proposed regulation will provide clarity and uniformity for CalPERS, its members, covered employers, and other stakeholders to ensure consistent application of the pension reform provisions. The proposed regulation will ensure that members have the proper amount of compensation reported on their behalf for use in their retirement calculation. Additionally, the proposed regulation clarifies certain processes that CalPERS will follow to implement the pension reform laws, which should make administration of these new statutes more efficient and consistent with existing laws. This proposed regulation will not adversely impact the health and welfare of California residents (except to the extent that they are CalPERS members), worker safety, or the State's environment because the proposed regulation serves only to provide CalPERS interpretation of certain terms used in the pension reform provisions and to identify the processes required, in order for CalPERS to implement the new statutes. Finally, by clarifying terms used in the pension reform laws, litigation surrounding the meaning of said terms may be avoided.