



California Public Employees' Retirement System  
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## SUMMARY OVERVIEW: PENSION REFORM ACT OF 2014 INITIATIVE

### BACKGROUND

- On October 15, 2013, a group of California mayors filed a statewide ballot initiative with the Attorney General's Office. The proposed ballot measure, entitled "The Pension Reform Act of 2014," was subsequently revised and resubmitted to the Attorney General's Office on November 12, 2013.
- The CalPERS Board of Administration has not adopted a position on the proposed measure, and this document is not an analysis or comprehensive discussion of its provisions.

### BRIEF SUMMARY

- Generally, the Pension Reform Act of 2014 seeks to amend the California Constitution to give government employers the authority to amend employees' pension and retiree healthcare benefits on a going-forward basis. These changes could be made through labor agreements, through an action by an agency's governing body, or through a voter-approved ballot measure. The measure states it would protect retirement benefits that employees have already earned, while allowing benefits to be modified for future years of service.
- For government employers with pension or retiree health plans that are substantially underfunded or if the employer declares a fiscal emergency, the measure would allow employers to prospectively reduce the rate of benefit accruals and cost of living adjustments, increase retirement ages and employee contributions, or modify benefits in other ways when agreed upon through the collective bargaining process.
- For government employers with a pension or retiree healthcare benefit plan that is less than 80% funded, the measure would require the employer to prepare and publish a stabilization report outlining how the employer can achieve 100% funding in 15 years, and to continue preparing the report each year until the plan is fully funded.
- The Legislative Analyst's Office, Department of Finance and Attorney General have until approximately January 3, 2014 to prepare the fiscal analysis and title and summary of the proposal, at which time the proponents may begin the signature gathering process. They must submit at least 807,615 valid signatures and those must be certified by the Secretary of State by June 26, 2014, in order to appear on the November 4, 2014, general election ballot.
- The full text of the measure can be found at the Attorney General's website at:  
<https://oag.ca.gov/initiatives/active-measures>