MAYOR REED'S RETIREMENT CUTTING BALLOT MEASURE

WHAT YOU NEED TO KNOW

• Repeals vested rights of public employees and allows government employers to cut, change or eliminate retirement benefits and/or retiree healthcare benefits of current employees on a prospective basis.

• Removes PERB authority and jurisdiction over all retirement and retiree healthcare issues covered under this Act. Provides that the courts shall have exclusive jurisdiction of retirement and retiree health care matters covered under the Act.

• Provides that labor agreements executed within 12 months *before* the effective date of this Act that are inconsistent with the Act shall be deemed *invalid*.

• Provides for a rebuttable presumption that *any* labor agreement renewed or extended more than 6 months before its expiration date, during the 12 month period before the effective date of this Act, was entered into for the purpose of violating the Act. Thus, it will be deemed invalid.

• Provides that any government employer that finds its pension or retiree health care plan is substantially underfunded and is at risk of not having sufficient funds to pay benefits to retiree or future retirees, *or* declares a fiscal emergency because the financial condition impairs the ability to provide essential government services or to protect the vital interests of the community, will have the authority to implement one or more of the following actions:

- Reduce the rate of accrual for pension or retiree healthcare benefits to be earned in the future.
- Reduce the rate of cost of living adjustments for pension or retiree healthcare benefits to be made in the future.
- Increase the retirement age for payment of pension or retiree healthcare benefits to be earned in the future.
- Require employees to pay a larger share of the cost of pension or retiree healthcare benefits.
- Other reductions or modifications of pension or retiree healthcare benefits agree upon during collective bargaining.

- Requires any government employer with a pension or retiree healthcare plan with assets equaling less than 80% of the plan's liabilities (as calculated by the plan's actuary) to prepare a "stabilization report."
  - The report shall specify actions designed to achieve 100% funding of the plan within 15 years, while preserving basic government services.
- The stabilization report shall be published for public review within 180 days of receiving the actuarial valuation. The government employer shall hold a hearing to receive public input on the report within 270 days of receiving the valuation.
- The government employer shall not be required to adopt or implement any actions specified in the stabilization report.
- The Legislature shall serve as the government employer with respect to the pension benefits of the members of CalSTRS, but not with respect to their retiree healthcare benefits.