

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

PUBLIC EMPLOYEES. PENSION AND RETIREE HEALTHCARE BENEFITS.

INITIATIVE CONSTITUTIONAL AMENDMENT. Eliminates constitutional protections for vested pension and retiree healthcare benefits for current public employees, including teachers, nurses, and peace officers, for future work performed. Permits government employers to reduce employee benefits and increase employee contributions for future work if retirement plans are substantially underfunded or government employer declares fiscal emergency.

Requires government employers whose pension or retiree healthcare plans are less than 80 percent funded to prepare a stabilization report specifying non-binding actions designed to achieve 100 percent funding within 15 years. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Potential net reduction of hundreds of millions to billions of dollars per year in state and local government costs. Net savings—emerging over time—would depend on how much governments reduce retirement benefits and increase salary and other benefits. Increased annual costs—potentially in the hundreds of millions to billions of dollars—over the next two decades for those state and local governments choosing to increase contributions for unfunded liabilities, more than offset by retirement cost savings in future decades. Increased annual costs to state and local governments to develop retirement system funding reports and to modify procedures and information technology. Costs could exceed tens of millions of dollars initially, but would decline in future years.** (13-0043.)