



OFFICE OF THE GOVERNOR

SEP 30 2018

To the Members of the California State Senate:

I am returning Senate Bill 1124 without my signature.

This bill would establish a retiree's permanent right to incorrectly calculated pension benefits in cases where an error resulted in paying the retiree higher pension benefits than allowed by law.

I share the author's view that a pension must be correctly calculated according to the law in the first instance so that retirees never find themselves on the hook for overpayments. Clearly, remedies are needed to correct such situations.

But I'm concerned that this bill's broad provisions could be easily abused to circumvent limitations in law intended to protect the government—and ultimately taxpayers—from pension spiking. Indeed, in the case of an error, this bill would effectively perpetuate that error for the rest of a member's life, at substantial taxpayer expense.

Before changing the law in the way that this bill does, I encourage the Legislature to develop policies to prevent such errors in the first place. Such policies might include requiring CalPERS to review and approve any proposals for pensionable compensation in a memorandum of understanding before the memorandum is finalized. Then, if errors still occurred after CalPERS's review, the penalties and ongoing costs in this bill might be warranted.

Sincerely,

A handwritten signature in black ink that reads "Edmund G. Brown Jr." with a stylized flourish at the end.

Edmund G. Brown Jr.