



# AB 1383

## JUNE 2026 MYTH VS. FACT

Pension Modernization for California Public Safety

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| <p><i>"AB 1383 is another SB 400 that could trigger a funding crisis."</i></p> | <p><b>AB 1383 is PEPPRA 2.0. It's PEPPRA plus 14 years of experience.</b></p> <p>Comparing AB 1383 to SB 400 is a misguided scare tactic. At the height of the dot-com boom, SB 400 broadly expanded retirement benefits based on a "the markets will pay for it" pitch that lacked guardrails and fell apart within a few years.</p> <p>If California learned anything from SB 400, it was that retirement benefits need to be adjusted based on hard evidence and modern-day realities – enter PEPPRA.</p> <p>We're 14 years into PEPPRA. Cost-sharing is still in place. Anti-spiking rules are still in place. Actuarial oversight is still in place. And the public safety staffing crisis is still in place.</p> <p>AB 1383 is based on the documented reality of 14 years of PEPPRA's proven cost-sharing, anti-spiking, and actuarial discipline – all of which is maintained. AB 1383 is a calibrated, prospective fix inside a system that's already proven it knows how to hold the line. It preserves PEPPRA's safeguards while making targeted adjustments based on hard evidence and the modern-day reality of California's public safety staffing crisis.</p> |
| <p><i>"PEPPRA did not cause the public safety staffing crisis."</i></p>        | <p><b>True — and that's exactly why AB 1383 matters.</b></p> <p>Pandemic impacts, social unrest, public sentiment, broader labor market shifts, and state legislation have all contributed to the staffing crisis. Because recruitment and retention of peace officers has grown exponentially harder for many reasons, California cannot afford to also maintain retirement benefits that make the job even less competitive. PEPPRA may not have created every staffing problem — but it's one of the few factors the Legislature actually has the power to fix.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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| <i>"PEPRA worked."</i>                                                          | <p><b>PEPRA saved money. It also failed to maintain a sustainable public safety workforce.</b></p> <p>Both things can be true. The purpose of public safety retirement systems isn't simply to save money. It's to recruit and retain qualified personnel. By that measure, the evidence is clear: staffing levels are at historic lows, double-digit vacancies exist in virtually every major agency, agencies increasingly rely on forced overtime, and communities are experiencing longer emergency response times. Saving money while communities wait longer during emergencies isn't a success story.</p> <p>AB 1383 will maintain what "worked" to save money, while also helping achieve PEPRA's purpose of building a sustainable public safety workforce that communities can rely on.</p>                                                 |
| <i>"AB 1383 benefits only highly compensated employees by raising the cap."</i> | <p><b>It benefits California by allowing us to compete for the people we can't afford to lose.</b></p> <p>California competes in the national labor market. Experienced officers, supervisors, investigators, and specialty personnel are precisely who departments are struggling to retain. There is no reason for these individuals to stay when they can make exponentially more money in private security or make a lateral move to a state where their pension is higher and the cost of living is lower. California legislators consistently tout state policies for creating the highest law enforcement standards in the nation. If we want that to hold true, California also must be able to compete for the best talent. Aligning our pensionable compensation cap with the federal cap simply allows California a chance to compete.</p> |
| <i>"Lower-paid employees will subsidize bigger pensions for high earners."</i>  | <p><b>Employee contributions are directly tied to their own salary.</b></p> <p>Every employee in a CalPERS plan pays the same contribution rate, calculated as a percentage of their own pensionable compensation. A higher earner contributes more because they earn more — their contribution rises and falls with their own paycheck, not anyone else's. AB 1383's compensation cap increase means higher earners' pensionable income (and their contribution) increases accordingly. If the required contribution rate changes, it changes equally for everyone. Contributions scale with salary — they don't shift the burden between employees.</p>                                                                                                                                                                                             |

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| <i>"CalPERS has been mismanaged before, so we shouldn't expand benefits."</i>        | <b>If there's a CalPERS management problem, fix the management problem.</b><br><br>Officers and firefighters didn't set CalPERS' investment policy, actuarial assumptions, or discount rate. If legislators believe CalPERS governance requires improvement, then they should improve CalPERS governance. That is an entirely separate discussion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>"The cost of AB 1383 will force cuts to services for vulnerable communities."</i> | <b>AB 1383 ensures vulnerable communities have access to the services they rely on.</b><br><br>Opponents make the leap that cities and counties will cut funding for services that support vulnerable communities to offset a modest pension correction. This logic fails to consider the people serving those vulnerable communities — answering their 911 calls during a crisis — are the same officers and firefighters this bill is trying to recruit and retain. You can't protect services to vulnerable populations by losing the people who deliver those services.                                                                                                                                                                                                                                                   |
| <i>"Higher benefits create greater financial risk."</i>                              | <b>AB 1383 is about risk mitigation to a workforce that is stretched beyond capacity.</b><br><br>Opponents cite existing risks with cost-sharing dynamics, county cost uncertainty, market volatility, and forecasting errors — and use them to argue for inaction. Every “risk” they raise is a risk of having pensions at all — not a risk specific to this bill.<br><br>Every compensation decision carries risk. Opponents have not analyzed the risk of their desired approach: doing nothing. While they’re busy analyzing theoretical risks, the risks of inaction are visible today: longer response times, ballooning overtime, burnout, disability retirements, loss of experienced personnel, and a workforce that is stretched to the brink. Injury and disability rates increase with age in safety professions. |
| <i>"Employers cannot afford the \$4.8 billion price tag "</i>                        | <b>They're already paying more than that, every year, just to cover the gaps.</b><br><br>The \$4.8 billion figure is being used by opponents for shock value. That is the total estimated dollar figure needed as of the valuation date to fund all benefits earned in the past and expected to be earned in the future over the lifetime of all current public safety employees.                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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|      | <p>The reality: AB 1383 would cost employers <b>roughly \$141 million a year spread across nearly 3,000 CalPERS contracting agencies</b>. While the cost will not be divided evenly among employers, that cost breaks down to an average of \$47,000 per year per agency.</p> <p>In context, Los Angeles spent \$265.5 million, San Diego spent nearly \$50 million, and Sacramento County spent \$30 million on law enforcement overtime in recent years. And that is just overtime costs in three departments – compared to \$141 million spread across nearly 3,000 public agencies throughout California.</p> <p>AB 1383 is a rounding error today that could produce significant long-term savings and improved public safety outcomes.</p> <p><i>*Estimated employer share of the \$282 million annual normal cost increase identified in CalPERS' May 2026 actuarial analysis of AB 1383.</i></p> |

"The cost of doing nothing is zero."

**The status quo isn't free.**

Doing nothing has a price tag; it's just been moved off the book legislators are looking at. It shows up as record overtime spending, signing bonuses and recruitment campaigns to compete for a shrinking applicant pool, repeated training costs every time an officer leaves, and emergency response times that keep climbing.

Opponents treat pension costs as real costs while treating overtime, turnover, recruiting, training, burnout, disability retirements, and attrition costs as if they don't exist. Those costs might be harder to track, but taxpayers are already paying for them – while receiving a lower return on their public safety investment.

"We can't afford this – keeping the current system is the safe option."

**The real question is how much longer can communities afford to go without doing something?**

"Safe" isn't the word for a status quo that's failing to keep patrol cars staffed.

Understaffed departments don't just struggle internally – they fail the communities they serve. Staffing levels are the strongest predictor of emergency response times. The residents waiting

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|      | <p>for help that is slow to arrive are those who pay the highest price. The domestic violence victim who calls 911 while her abuser is still in the house. The elderly man who suffers a stroke. The small business owner who watches a break-in happen in real time. The teenager who calls for help during a mental health crisis – and waits alone. The parent who dials 911 after finding their child unresponsive. The neighborhood that stops calling altogether. This agonizing wait is not abstract or hypothetical – it is an urgent crisis facing California communities.</p> |