



**REPORT**

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# **The PEPRA Problem**

How California's Pension Reform  
Created a Public Safety Crisis

June 2026

# Introduction

California's public safety agencies are in crisis. Changes to pension benefits via the California Public Employees' Pension Reform Act of 2013 (PEPRA) have created a two-tiered retirement system that puts new officers at a significant disadvantage compared to their colleagues hired before 2013. The result: agencies across the state are struggling to recruit and retain the firefighters, peace officers, and other first responders that communities depend on.

This brief examines how California arrived at this moment, the real-world consequences of the current two-tiered system on public safety staffing, and what solutions are on the table to create a more equitable, fiscally responsible path forward.

## How We Got Here

The California Public Employee Retirement System (CalPERS) was established in 1932 to provide pensions to state workers, incentivizing California's best and brightest to commit to careers in public service. In the decades since, economic conditions and legislative action have changed how pensions for public servants are calculated.

### Pre-PEPRA (1999–2008)

- SB 400 (1999) passed at the peak of the dot-com boom, increasing pension formulas for public safety employees
- Classic formula (3% @ 50 for police/fire) and compensation caps set to match federal limit

### PEPRA (2012)

- AB 340, the California Public Employees' Pension Reform Act of 2013 (PEPRA), was passed. The bill:
  - Lowered benefit formulas for new safety members (2% @ 57)
  - Moved compensation caps below classic limits
  - Required employees to pay 50% of cost of benefits

### Financial Crisis (2008-2012)

- Great Recession drove unfunded pension liability concerns statewide
- Public safety budgets cut – state lost 7% of peace officers<sup>1</sup>

### Staffing Crisis Deepens (2012-present)

- Pandemic, social unrest and lack of incentives made it difficult for public safety to recruit staff
- California lost 3,600 sworn staff and 1,200 civilian staff between 2020 and 2022, increasing response times and putting staffing at the lowest level since 1991.<sup>2</sup>

# The Unintended Consequences: A Two-Tiered System Impacting Public Safety

When PEPRA went into effect in January 2013, it created a system where two firefighters or two officers doing the same job for the same department had vastly different retirement benefits.

	Classic Members	PEPRA Members	Proposed Legislative Solution
Benefit Formulas	Up to 3% at age 50	Up to 2.7% at age 57	Up to 2.7% at age 55, and allows employers to place members in a lower or higher safety formula up to 3% at age 55 through collective bargaining
Pensionable Compensation Cap	Annual cap aligned with the federal compensation cap – in 2026, this limit is \$360,000	Annual cap calculated by CalPERS – in 2026, this limit is \$159,733 for Social Security participants and \$191,679 for non-Social Security participants	Realigns annual cap with the federal compensation cap
Contribution Burden	Negotiated rates passed by the Legislature or agreed upon in collective bargaining	Requires employees to pay 50% of normal costs	Maintains requirement that employees pay 50% of normal costs
Final Average Compensation Period	Highest single year (optional plan enhancement that could be negotiated with employers)	Average of highest 36 consecutive months	Maintains average of highest 36 consecutive months

## Benefit Changes Significantly Impact Public Safety Staffing

PEPRA changed the calculation for those considering public safety roles and those who are already serving their communities. For new recruits, PEPRA's increased retirement age and employee contribution burden made the benefits of taking a public safety job less appealing, as they would have to pay more out of their initial paychecks only to work a physically demanding job for longer. For experienced officers, PEPRA disincentivized career mobility, causing officers to stay in departments they would otherwise leave to retain their classic status.

Combined with other recruitment challenges, PEPRA made it even more difficult to hire for open public safety positions.

**California's law enforcement staffing crisis is now impossible to ignore. In 2024, California counties operated with barely half the law enforcement staffing seen nationwide.<sup>3,4</sup>**

# Staffing Crisis Snapshot

## STAFFING SHORTAGE BY DEPARTMENT

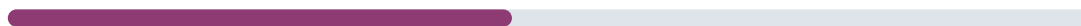
**Critical (20%+ vacancy)**    **Severe (10-20%+ vacancy)**    **Moderate (under 10%)**

~ Denotes approximate or point-in-time figures

### Sacramento PD

~600 active / ~1,050 needed

43% below operational need



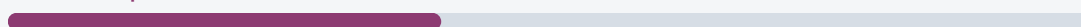
6/10 positions filled

2025 • KCRA / Sacramento Police Officers Assoc., Jun 2025

### San Diego PD

~1,800 active / ~2,800 needed

36% below operational need



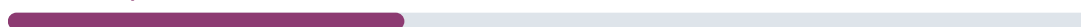
6.5/10 positions filled

2025 • CBS8 / SDPD statements, Nov 2025

### Richmond PD

~113 active / 172 needed

34% below operational need



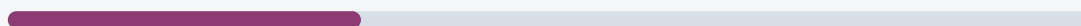
6.5/10 positions filled

2024 • Richmond City Council Report – RPD Minimum Staffing Levels

### Oakland PD

~615 active / 877 needed (PFM study)

30% below operational need



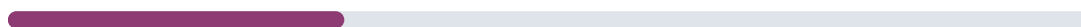
7/10 positions filled

2024 • PFM staffing study, Oakland City Council, Apr 2024

### San Francisco PD

~1,475 active / 2,074 authorized

29% below operational need



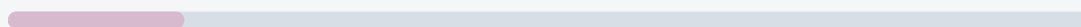
7/10 positions filled

FY 2023-24 • SF Board of Supervisors audit, Dec 2024

### Long Beach PD

~664 active / 800 authorized

17% vacancy rate



8/10 positions filled

2026 • Long Beach Post, Jan 2026

### San Jose PD

~998 active / 1,172 authorized

15% vacancy rate



8.5/10 positions filled

FY 2024-25 • San Jose city budget office / Officer.com, Mar 2026

### Los Angeles PD

~8,629 active / 9,500 needed

9% vacancy rate



9/10 positions filled

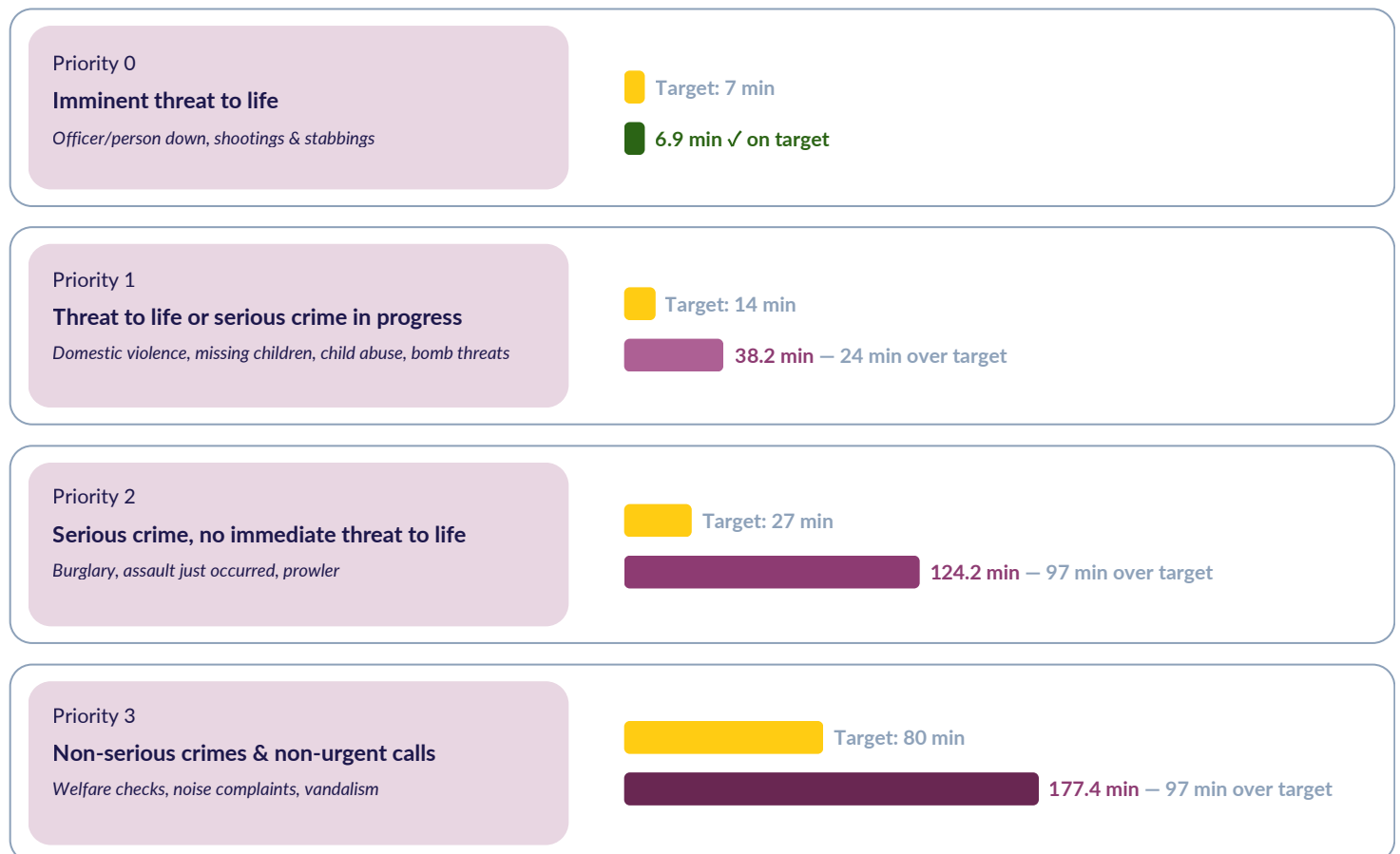
2026 • LA Times / Police1, 2025-26

# The Human Cost of Chronic Understaffing

Understaffed departments don't just struggle internally – they fail the communities they serve. Research shows that staffing levels are “the strongest predictor of call response times,”<sup>5</sup> meaning the people who pay the price for chronic understaffing are the residents waiting for help that is slow to arrive. 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.

## Snapshot: How long do San Diego residents wait for help to arrive in an emergency?<sup>6</sup>

### SDPD response times vs. targets – YTD 2026



■ Target response time    ■ Actual avg. response time

Source: SDPD Command Report, March 2026 YTD (CPRA26-3291, current as of 4/3/2026)

# Where Do We Go From Here?

Public safety is not optional infrastructure. It is one of government's most fundamental responsibilities. California's leaders have a responsibility to do more to keep their communities safe by attracting and retaining good officers. Modernizing PEPRA is an essential step towards improving public safety.

## AB 1383: A Common-Sense, Fiscally Responsible Solution

AB 1383 (McKinnor) makes three core reforms to PEPRA that make the retirement system for public safety employees fairer and more equitable. AB 1383:

### Raises the pensionable compensation cap

for all PEPRA members to the federal IRC limit, bringing the limit into line with what classic members currently are allowed.

### Lowers the benefit age from 57 to 55,

reducing the retirement benefit age gap between classic and PEPRA members.

### Creates an optional 3% @ 55 formula

reducing the retirement benefit age gap between classic and PEPRA members.

California agencies spend hundreds of millions on overtime each year.

- The Los Angeles Police Department spent **\$265.5 million** on overtime in 2024, 15% of overall payroll.<sup>7</sup>
- The Sacramento County Sheriff's Office spent **\$30 million** on overtime in 2023 to backfill the responsibilities of more than 100 sworn officer vacancies.<sup>8</sup>
- In 2024, the San Diego Police Department paid nearly **\$50 million** in overtime.<sup>9</sup>

California's taxpayers and public employers are paying for the public safety staffing crisis through record overtime spending, loss of experienced personnel to private sector jobs and other states, training replacement officers, costly recruitment campaigns, and increased workers' compensation and disability costs associated with an aging workforce. Modernizing PEPRA to help attract and retain officers will ultimately save money. The mandatory cost of AB 1383 – \$151.5 million<sup>10</sup> statewide – pales in comparison to the fiscal and human cost of continuing to staff public safety shifts with skeleton crews. It also pales in comparison to CalPERS' forecasted \$26.5 billion in employer PEPRA savings from 2023 – 2033<sup>11</sup>.

AB 1383 is a minor modernization to pension calculations that would have a major impact on the ability of public safety officials to recruit and retain more officers and decrease reliance on overtime.



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# Endnotes

<sup>1</sup> [https://www.ppic.org/wp-content/uploads/content/pubs/jtf/JTF\\_LawEnforcementStaffingJTF.pdf](https://www.ppic.org/wp-content/uploads/content/pubs/jtf/JTF_LawEnforcementStaffingJTF.pdf)

<sup>2</sup> <https://www.ppic.org/publication/law-enforcement-staffing-in-california/>

<sup>3</sup> California DOJ: <https://openjustice.doj.ca.gov/exploration/crime-statistics/criminal-justice-personnel> & U.S. Census: <https://data.census.gov/>

<sup>4</sup> FBI Crime Data Explorer: “Ratio of Law Enforcement Employees to Population: United States”:  
<https://cde.ucr.cjis.gov/LATEST/webapp/#/pages/le/pe>

<sup>5</sup> Scott M. Mourtgos, Ian T. Adams, & Justin Nix, “Staffing levels are the most important factor influencing police response times,” *Policing: A Journal of Policy and Practice*, 2024, 18, 1–9. <https://doi.org/10.1093/police/paae002>

<sup>6</sup> Source: SDPD Command Report, March 2026 YTD (current as of 4/3/2026).

<sup>7</sup> <https://laist.com/news/politics/la-spends-nearly-20-million-in-response-to-protests>

<sup>8</sup> <https://www.sacbee.com/news/local/article293803339.html>

<sup>9</sup> <https://www.cbs8.com/article/news/investigations/under-1-million-in-overtime-pay-in-four-years/509-5f288d1e-3260-4634-851e-f9e46c8f9599>

<sup>10</sup> California Assembly Committee on Appropriations: AB 1383 Bill Analysis

<sup>11</sup> <https://www.calpers.ca.gov/documents/202411-finance-admin-agenda-item06a-02-a/download?inline>