

EXECUTIVE ORDER S-25-06

WHEREAS the State and other public entities within the State provide employees with pensions and other post-employment benefits such as health care; and

WHEREAS these benefits serve the public interest by attracting and retaining a workforce that protects the health and safety of the State; and

WHEREAS the most recent accounting reports from CalPERS and CalSTRS indicate that public employee pensions are underfunded; and

WHEREAS the Government Accounting Standards Board now requires the State and other public entities within the State to determine and report their liabilities for other post-employment benefits; and

WHEREAS only a small percentage of public entities have begun taking action to determine the full extent of their other post-employment benefits or to fund any liabilities that may exist in that regard, with the result that any such liabilities that may exist are largely unfunded; and

WHEREAS unfunded liabilities for other post-employment benefits are currently unknown, but the Legislative Analyst's Office estimates that they may be potentially tens of billions for the State and other public entities; and

WHEREAS the Legislative Analyst's Office has reported that elected officials throughout the State lack the information needed to develop strategies for addressing post-employment liabilities and urged more disclosure and planning in addressing this issue.

NOW, THEREFORE, I, ARNOLD SCHWARZENEGGER, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this Order to become effective immediately:

1. The Public Employee Post-Employment Benefits Commission (Commission) is hereby established. It shall consist of twelve members, six of whom shall be appointed by the Governor, three of whom shall be appointed by the Speaker of the Assembly, and three of whom shall be appointed by the Senate President pro Tem. The Governor shall designate one of the members as chairperson. The members of the Commission shall serve without compensation and at the pleasure of the official who appointed them.
2. On January 1, 2008, the Commission shall deliver a report to the Governor and to the Legislature that:
 - a. Identifies, with regard to the State of California and its counties, cities, school districts, special districts, and any other affected government bodies, the amount and extent of unfunded liabilities for other post-employment benefits;
 - b. Compares and evaluates the advantages and disadvantages of various approaches for addressing unfunded post-employment benefits; and
 - c. Considers the advantages to the State from other post-employment benefits, such as providing retiree health care.

- d. Proposes a plan or plans for addressing unfunded post-employment benefits.
- 3. The Commission shall be disbanded 30 days after delivery of their report unless the Commission's service is extended by further Executive Order.
- 4. The Commission shall comply with applicable open meeting laws. This Executive Order is not intended to create, and does not create, any rights or benefits, whether substantive or procedural, or enforceable at law or in equity, against the State of California or its agencies, departments, entities, officers, employees, or any other person.
- 5. State departments and agencies shall cooperate and provide support to the Commission and local agencies are encouraged to provide support for the efforts of the Commission.

I FURTHER DIRECT that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given to this Order.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 28th day of December 2006.

Arnold Schwarzenegger

Governor of California