

AB 1198 Update



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PEPRA Transit Exemption

Governor Brown signed the PEPRA legislation on September 12, 2012 with an effective date of January 1, 2013.

On October 4, 2013, the statute was essentially amended to state that PEPRA would not apply to transit employees until January 1, 2015 or until a federal district court ruled that the US Secretary of Labor erred in determining that the application of PEPRA precluded certification under 49 U.S.C. 5333(b), aka 13c, whichever was sooner.

The statute was further amended on September 28, 2014 to extend that exemption to January 1, 2016 or until a federal district court issued said ruling whichever was sooner.



AB 1198

Mark Stone introduced this bill to remove the contingent language about the federal court decision thereby exempting transit employees hired before January 1, 2016 notwithstanding the court decision. Based upon the language in his bill, he is of the opinion that the federal court decision was issued on December 31, 2014.

However, there is a dispute if this was a final ruling since the case was ongoing until just recently.



Gap Employees

The bill would eliminate the problem of “gap employees”, those who were hired between January 1, 2013 and January 1, 2016. One local transit agency treated its employees hired before January 1, 2016 as tier 1 employees. However, that agency belongs to CalPERS who disagreed with that interpretation and asserted that they could be tier 1 from date of hire until the court decision but would then convert to PEPPRA. Litigation ensued.



The District Does Not Have Gap Employees

AC Transit did not implement PEPRA until January 1, 2016 when it made it effective for unrepresented employees only. To date, the District has not implemented PEPRA as to the represented employees. Therefore, it has no employees hired before January 1, 2016 that it asserts are subject to PEPRA so it has no “gap employees.” This legislation does not affect the District.

