

AMENDED IN SENATE JUNE 27, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 419

Introduced by Committee on Public Employees, Retirement and Social Security (Negrete McLeod (Chair), Levine (Vice Chair), Correa, Laird, and Nakanishi)

February 14, 2003

An act to amend Sections 22200, 22224, and 22225 of, and to add Section 22227 to, the Education Code, ~~to amend Sections 82023, 82024, and 90001 of, and to add Section 84225.5 to, the Government Code,~~ and to amend Section 4 of Chapter 1049 of the Statutes of 2002, relating to the Teachers' Retirement Board, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 419, as amended, Committee on Public Employees, Retirement and Social Security. Teachers' Retirement Board: elections.

(1) The State Teachers' Retirement Law provides for the election, as of January 1, 2004, of 3 members to the Teachers' Retirement Board at elections conducted by the board. One of those members is to be elected by specified active members of the Defined Benefit Program of the State Teachers' Retirement System.

This bill would provide that ~~that~~ member of the board shall also be elected by specified active participants of the Cash Balance Benefit Program of the Teachers' Retirement System and would clarify that a member of the system employed to perform creditable service for more than one employer may only be elected to the position on the board that corresponds to the position in which he or she accrued the most service

credit during the prior school year. The bill would also make technical changes.

The bill would also ~~require declare the Legislature's intent that~~ elected members and candidates for those offices ~~to~~ file specified campaign statements ~~on forms prescribed by the Fair Political Practices Commission. The statements would be filed with the Secretary of State, and a copy would be retained at the system's headquarters office and would be available for inspection as public records. The statements would have to be signed and verified by the filer and any violation of these requirements would be subject to civil or administrative action by the Fair Political Practices Commission.~~

~~(2) Existing provisions of the Political Reform Act of 1974 define the terms "elective office" and "state elective office."~~

~~This bill would, for specified purposes of the act, include within those definitions an elected member of the Teachers' Retirement Board.~~

~~(3) Existing provisions of the Political Reform Act of 1974 regulate, among other things, the disclosure of contributions received and expenditures made by candidates and committees engaged in elections, and provides for audits of those disclosures by the Fair Political Practices Commission. Existing law requires the commission to promulgate regulations regarding audits of disclosures filed by candidates for the Board of Administration of the Public Employees' Retirement System and requires the system to reimburse the commission for reasonable expenses incurred.~~

~~This bill would additionally require the commission to promulgate regulations regarding audits of disclosures filed by candidates for the Teachers Retirement Board and require the Teachers' Retirement System to reimburse the commission for reasonable expenses incurred.~~

~~(4) Existing provisions of the Political Reform Act of 1974 make a violation of the act subject to administrative, civil, and criminal penalties.~~

~~This bill would impose a state-mandated local program by imposing those penalties on persons who are required to make certain disclosures under the act pursuant to this bill.~~

~~(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~



~~(6) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further its purposes with a 2/3 vote of each house and compliance with specified procedural requirements.~~

~~This bill, which would declare that it furthers the purposes of the act, would therefore require a 2/3 vote of each house for passage.~~

~~(7)~~

(2) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~yes~~ no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 22200 of the Education Code, as added
2 by Chapter 1049 of the Statutes of 2002, is amended to read:
3 22200. (a) The plan and the system are administered by the
4 Teachers' Retirement Board. On and after January 1, 2004, the
5 members of the board are as follows:
6 (1) The Superintendent of Public Instruction.
7 (2) The Controller.
8 (3) The Treasurer.
9 (4) The Director of Finance.
10 (5) Three persons who are either members of the Defined
11 Benefit Program or participants in the Cash Balance Benefit
12 Program, as follows:
13 (A) One person who, at the time of election, is an active
14 member of the Defined Benefit Program or an active participant
15 of the Cash Balance Benefit Program employed by a school district
16 that provides instruction for grades K to 12, inclusive, or a county
17 office of education, in a position other than a school administrator
18 that requires a services credential with a specialization in
19 administrative services. This member shall be elected by the active
20 members of the Defined Benefit Program and active participants
21 of the Cash Balance Benefit Program who are employed by a
22 school district that provides instruction for grades K to 12,
23 inclusive, or county office of education, pursuant to regulations
24 adopted by the board, for a four-year term commencing on January
25 1, 2004.



1 (B) One person who, at the time of election, is an active
2 member of the Defined Benefit Program or an active participant
3 of the Cash Balance Benefit Program employed by a school district
4 that provides instruction for grades K to 12, inclusive, or a county
5 office or education. This member shall be elected by the active
6 members of the Defined Benefit Program and active participants
7 of the Cash Balance Benefit Program who are employed by a
8 school district that provides instruction for grades K to 12,
9 inclusive, or a county office of education, pursuant to regulations
10 adopted by the board, for a four-year term commencing on January
11 1, 2004.

12 (C) One person who, at the time of election, is a community
13 college instructor and an active member of the Defined Benefit
14 Program or an active participant of the Cash Balance Benefit
15 Program employed by a community college district, who shall be
16 elected by the active community college members of the Defined
17 Benefit Program and the active community college participants of
18 the Cash Balance Benefit Program, pursuant to regulations
19 adopted by the board, for a four-year term commencing on January
20 1, 2004.

21 (6) Five persons appointed by the Governor for a term of four
22 years, subject to confirmation by the Senate, as follows:

23 (A) One person who, at the time of appointment, is a member
24 of the governing board of a school district or a community college
25 district.

26 (B) One person who is either a retired member under this part
27 or a retired participant under Part 14 (commencing with Section
28 26000).

29 (C) Three persons representing the public, whose terms shall be
30 staggered by varying the first terms of these members, *as follows*:

31 (i) *One person to a term expiring December 31, 2005.*

32 (ii) *One person to a term expiring December 31, 2006.*

33 (iii) *One person to a term expiring December 31, 2007.*

34 (b) A person who is employed to perform creditable service by
35 a community college district and either a school district that
36 provides instruction for kindergarten through grade 12 or a county
37 office of education may only be elected to the position on the board
38 that corresponds to the position in which they accrued the most
39 service credit during the prior school year.



1 (c) The members of the board shall annually elect a chairperson
2 and vice chairperson.

3 SEC. 2. Section 22224 of the Education Code is amended to
4 read:

5 22224. Members of the Defined Benefit Program and
6 participants of the Cash Balance Benefit Program, who are either
7 elected to the board or appointed to the board by the Governor
8 pursuant to Section 22200, or who are appointed by the board to
9 serve on a committee or subcommittee of the board or a panel of
10 the system, shall be granted, by his or her employer, sufficient time
11 away from regular duties, without loss of compensation or other
12 benefits to which the person is entitled by reason of employment,
13 to attend meetings of the board or any of its committees or
14 subcommittees of which the person is a member, or to serve as a
15 member of a panel of the system, and to attend to the duties
16 expected to be performed by the person.

17 SEC. 3. Section 22225 of the Education Code is amended to
18 read:

19 22225. (a) The compensation of the members of the Defined
20 Benefit Program and participants of the Cash Balance Benefit
21 Program who are either elected to the board or appointed to the
22 board by the Governor pursuant to Section 22200, or who are
23 appointed by the board to a committee or subcommittee, or to a
24 panel of the system, may not be reduced by his or her employer for
25 any absence from service occasioned by attendance upon the
26 business of the board, pursuant to Section 22224.

27 (b) Each employer that employs either a member of the
28 Defined Benefit Program or a participant of the Cash Balance
29 Benefit Program elected or appointed pursuant to Section 22224
30 and that employs a person to replace the member or participant
31 during attendance at meetings of the board, its committees or
32 subcommittees, or when serving as a member of a panel of the
33 system, or when carrying out other duties approved by the board,
34 shall be reimbursed from the retirement fund for the cost incurred
35 by employing a replacement.

36 SEC. 4. Section 22227 is added to the Education Code, to
37 read:

38 22227. ~~Candidates~~—*It is the intent of the Legislature that*
39 *candidates* for board seats described in paragraph (5) of
40 subdivision (a) of Section 22200, including incumbent board



1 members running for reelection, shall file campaign statements
2 with the Secretary of State pursuant to Section 84225.5 of the
3 Government Code. *with the Secretary of State according to*
4 *campaign reporting, contribution limits, and conflict of interest*
5 *provisions of the Political Reform Act, adapted for the unique*
6 *characteristics of elected member seats on state retirement system*
7 *boards.*

8 SEC. 5. Section 82023 of the Government Code is amended
9 to read:

10 82023. “~~Elective office~~” means any state, regional, county,
11 municipal, district or judicial office which is filled at an election.
12 “~~Elective office~~” also includes membership on a county central
13 committee of a qualified political party, members elected to the
14 Board of Administration of the Public Employees’ Retirement
15 System, and members elected to the Teachers’ Retirement Board.

16 SEC. 6. Section 82024 of the Government Code is amended
17 to read:

18 82024. “~~Elective state office~~” means the office of Governor,
19 Lieutenant Governor, Attorney General, Insurance
20 Commissioner, Controller, Secretary of State, Treasurer,
21 Superintendent of Public Instruction, Member of the Legislature,
22 a member elected to the Board of Administration of the Public
23 Employees’ Retirement System, a member elected to the
24 Teachers’ Retirement Board, and a member of the State Board of
25 Equalization.

26 SEC. 7. Section 84225.5 is added to the Government Code, to
27 read:

28 84225.5. (a) For the purposes of this section only, “~~board~~”
29 means the Teachers’ Retirement Board of the State Teachers’
30 Retirement System, as established under Chapter 3 (commencing
31 with Section 22200) of Part 13 of Division 1 of Title 1 of the
32 Education Code.

33 (b) Except as provided in this section, the provisions of this
34 article do not apply to candidates for the board, including
35 incumbent board members running for reelection, as those
36 candidates are described in paragraph (5) of subdivision (a) of
37 Section 22200 of the Education Code.

38 (c) Candidates for board seats described in paragraph (5) of
39 subdivision (a) of Section 22200 of the Education Code, including
40 incumbent board members running for reelection, shall file



1 campaign statements with the Secretary of State no later than two
2 days before the beginning of the ballot period, as determined by
3 the board, for the period ending five days before the beginning of
4 the ballot period, and no later than January 10, for the period
5 ending December 31.

6 (1) ~~The campaign statements shall contain an itemized report~~
7 ~~that is prepared on a form prescribed by the commission, with the~~
8 ~~assistance of the board, that provides the information contained in~~
9 ~~campaign statements required under Section 84211 to the extent~~
10 ~~that the information is applicable to a board election.~~

11 (2) ~~The original of a campaign statement shall be filed with the~~
12 ~~Secretary of State and a copy shall be retained at the system's~~
13 ~~headquarters office for examination by the public.~~

14 (3) ~~All campaign statements filed under this section shall be~~
15 ~~signed and verified by the filer. The verification shall state that the~~
16 ~~filer has used reasonable diligence in its preparation, and that to the~~
17 ~~best of his or her knowledge it is true and complete. Any person~~
18 ~~who violates the requirements of this section shall be subject to a~~
19 ~~civil or administrative action brought by the commission or other~~
20 ~~agency of concurrent jurisdiction pursuant to this title.~~

21 SEC. 8. ~~Section 90001 of the Government Code is amended~~
22 ~~to read:~~

23 90001. ~~Audits and investigations shall be made pursuant to~~
24 ~~Section 90000 with respect to the reports and statements of the~~
25 ~~following:~~

26 (a) ~~Each lobbying firm and each lobbyist employer who~~
27 ~~employs one or more lobbyists shall be subject to an audit on a~~
28 ~~random basis with these lobbying firms or lobbyist employers~~
29 ~~having a 25-percent chance of being audited. When a lobbying~~
30 ~~firm or lobbyist employer is audited, the individual lobbyists who~~
31 ~~are employed by the lobbying firm or the lobbyist employer shall~~
32 ~~also be audited.~~

33 (b) ~~Each statewide, Supreme Court, court of appeal, or Board~~
34 ~~of Equalization candidate in a direct primary or general election~~
35 ~~for whom it is determined that twenty-five thousand dollars~~
36 ~~(\$25,000) or more in contributions have been raised or twenty-five~~
37 ~~thousand dollars (\$25,000) or more in expenditures have been~~
38 ~~made, whether by the candidate or by a committee or committees~~
39 ~~controlled by the candidate or whose participation in the direct~~
40 ~~primary or general election is primarily in support of his or her~~



1 candidacy. Each statewide candidate whose contributions and
2 expenditures are less than twenty five thousand dollars (\$25,000)
3 shall be subject to an audit on a random basis of 10 percent of the
4 number of those candidates.

5 (e) Each candidate for the Legislature or superior court judge
6 in a direct primary or general election shall be subject to audit by
7 random selection if it is determined that fifteen thousand dollars
8 (\$15,000) or more in contributions have been received or fifteen
9 thousand dollars (\$15,000) or more in expenditures have been
10 made, whether by the candidate or by a committee or committees
11 controlled by the candidate or primarily supporting his or her
12 candidacy. Random selection shall be made of 25 percent of the
13 Senate districts, 25 percent of the Assembly districts and 25
14 percent of the judicial offices contested in an election year.

15 (d) Each candidate for the Legislature in a special primary or
16 special runoff election for whom it is determined that fifteen
17 thousand dollars (\$15,000) or more in contributions have been
18 raised or fifteen thousand dollars (\$15,000) or more in
19 expenditures have been made, whether by the candidate or by a
20 committee or committees controlled by the candidate or primarily
21 supporting his or her candidacy.

22 (e) Each controlled committee of any candidate who is being
23 audited pursuant to subdivision (b), (c), or (d).

24 (f) Each committee, other than a committee specified in
25 subdivision (c) of Section 82013, primarily supporting or
26 opposing a candidate who is being audited pursuant to subdivision
27 (b), (c), or (d) if it is determined that the committee has expended
28 more than ten thousand dollars (\$10,000).

29 (g) Each committee, other than a committee specified in
30 subdivision (c) of Section 82013, whose participation is primarily
31 in support of or in opposition to a state measure or state measures
32 if it is determined that the committee has expended more than ten
33 thousand dollars (\$10,000) on that measure or measures.

34 (h) Each committee, other than a committee defined in
35 subdivision (c) of Section 82013, a controlled committee or a
36 committee primarily supporting or opposing a state candidate or
37 measure, if it is determined that the committee has raised or
38 expended more than ten thousand dollars (\$10,000) supporting or
39 opposing state candidates or state measures during any calendar
40 year, except that if the commission determines from an audit report



1 ~~that a committee is in substantial compliance with the provisions~~
2 ~~of the act, the committee thereafter shall be subject to an audit on~~
3 ~~a random basis with each such committee having a 25-percent~~
4 ~~chance of being audited.~~

5 ~~(i) (1) With respect to local candidates and their controlled~~
6 ~~committees, the commission shall promulgate regulations that~~
7 ~~provide a method of selection for these audits.~~

8 ~~(2) With respect to candidates for the Board of Administration~~
9 ~~of the Public Employees' Retirement System, the commission~~
10 ~~shall promulgate regulations that provide a method for selection~~
11 ~~of these audits. The Public Employees' Retirement System shall~~
12 ~~reimburse the commission for all reasonable expenses incurred~~
13 ~~pursuant to this section.~~

14 ~~(3) With respect to candidates for the Teachers' Retirement~~
15 ~~Board, the commission shall promulgate regulations that provide~~
16 ~~a method for selection of these audits. The State Teachers'~~
17 ~~Retirement System shall reimburse the commission for all~~
18 ~~reasonable expenses incurred pursuant to this section.~~

19 ~~(j) In accordance with subdivisions (a), (b), (c), and (h), the~~
20 ~~Fair Political Practices Commission shall select by lot the persons~~
21 ~~or districts to be audited on a random basis. For campaign audits~~
22 ~~the selection shall be made in public after the last date for filing the~~
23 ~~first report or statement following the general or special election~~
24 ~~for which the candidate ran, or following the election at which the~~
25 ~~measure was adopted or defeated. For lobbying firm and lobbyist~~
26 ~~employer audits, the selection shall be made in public in February~~
27 ~~of odd-numbered years.~~

28 ~~SEC. 9. No reimbursement is required by this act pursuant to~~
29 ~~Section 6 of Article XIII B of the California Constitution because~~
30 ~~the only costs that may be incurred by a local agency or school~~
31 ~~district will be incurred because this act creates a new crime or~~
32 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
33 ~~for a crime or infraction, within the meaning of Section 17556 of~~
34 ~~the Government Code, or changes the definition of a crime within~~
35 ~~the meaning of Section 6 of Article XIII B of the California~~
36 ~~Constitution.~~

37 ~~SEC. 10. The Legislature finds and declares that the~~
38 ~~provisions of this act further the purposes of the Political Reform~~
39 ~~Act of 1974 within the meaning of subdivision (a) of Section~~
40 ~~81012 of the Government Code.~~



1 ~~SEC. 11.~~

2 *SEC. 5.* Section 4 of Chapter 1049 of the Statutes of 2002 is
3 amended to read:

4 *Sec. 4.* Section 1 of this act shall become operative on January
5 1, 2004.

6 ~~SEC. 12.~~

7 *SEC. 6.* This act is an urgency statute necessary for the
8 immediate preservation of the public peace, health, or safety
9 within the meaning of Article IV of the Constitution and shall go
10 into immediate effect. The facts constituting the necessity are:

11 In order for the provisions of this act to apply to the first election
12 of members to the Teachers' Retirement Board, which is scheduled
13 to take place prior to January 1, 2004, it is necessary that this act
14 take effect immediately.

