

**Assembly Bill No. 88**

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Passed the Assembly August 18, 1998

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*Chief Clerk of the Assembly*

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Passed the Senate August 12, 1998

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_ day  
of \_\_\_\_\_, 1998, at \_\_\_\_ o'clock \_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*



## CHAPTER \_\_\_\_

An act to add Sections 24205.5, 44928.5, and 87489 to the Education Code, relating to the State Teachers' Retirement System.

## LEGISLATIVE COUNSEL'S DIGEST

AB 88, Baca. State Teachers' Retirement System: Rule of 85 service retirement plan.

The existing State Teachers' Retirement Law provides various service retirement plans under the State Teachers' Retirement System and provides that, in certain plans, the retirement allowance of members retiring prior to age 60 years shall be reduced pursuant to specified schedules.

This bill would add an additional, optional, so-called Rule of 85 service retirement plan that would authorize service retirement for a member age 55 years or any older age specified by the governing board, who retires on or after July 1, 1999, with a minimum of 5 years of credited service, without any allowance reduction, subject to specified conditions, including if the total of the member's age and credited service is at least 85, and retirement within specified periods. The plan would be optional to each employer, would be applicable to all qualified employees, and would be effective only if the employer, by formal action, makes specified determinations and transmits the actuarial equivalent amount of money and STRS's related administrative costs to the STRS.

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

SECTION 1. Section 24205.5 is added to the Education Code, to read:

24205.5. (a) Notwithstanding any other provision of this part, whenever the governing board of a school district or a community college district or a county superintendent of schools, by formal action, determines



pursuant to Section 44928.5 or 87489 that, because of impending curtailment of services, or changes in the manner of performing services, the best interests of the district or county superintendent of schools would be served by encouraging the retirement of certificated employees or academic employees and that the retirement will result in a net savings to the district or county superintendent of schools or result in the retention of certificated employees or academic employees, who are credentialed to teach in teacher shortage disciplines, including, but not limited to, mathematics and science, any member who is age 55 years or any older age specified by the governing board and who is employed by that school district, community college district, or county superintendent of schools may retire on or after July 1, 1999, and the retirement allowance shall not be reduced for service retirement at less than normal retirement age, if all of the following conditions exist:

(1) The total of the member's age in years and fractions thereof and the years and fractions thereof of the member's credited service equals or exceeds 85.

(2) The member is credited with five or more years of service and retires during a period not more than 120 days or less than 60 days, commencing no sooner than the effective date of the formal action of the employer, which shall specify the period.

(3) The employer transmits to the retirement fund an amount determined by the Teachers' Retirement Board that equals the actuarial equivalent of the difference between the allowance the member receives pursuant to this section and the amount the member would have received pursuant to Section 24202 and an amount determined by the Teachers' Retirement Board that equals the actuarial equivalent of the difference between the purchasing power protection supplemental payment the member receives after receipt of the allowance increase pursuant to this section and the purchasing power protection supplemental payment the member would have received without the allowance increase



pursuant to this section. The payment for purchasing power shall be deposited in the Supplemental Benefit Maintenance Account established by Section 22400 and shall be subject to Sections 24414 and 24415. The transfer to the retirement fund shall be made in a manner and time period acceptable to the Teachers' Retirement Board.

(4) The employer transmits to the retirement fund the administrative costs incurred by the system in implementing this section, as determined by the Teachers' Retirement Board.

(5) The employer has considered the availability of teachers to fill the positions that would be vacated pursuant to this section.

(6) The community college district, school district, or county superintendent of schools has certified to the Teachers' Retirement Board, prior to the formal action becoming effective in the district or the office of the county superintendent of schools, that the net effect of the formal action will result in no costs to the State Teachers' Retirement System, the district, the county superintendent of schools, or the General Fund.

(7) The school district shall demonstrate and certify to the county superintendent that the action would result in either a net savings to the school district or a retention of certificated employees who are credentialed to teach in teacher shortage disciplines. The county superintendent shall certify to the board, in a manner acceptable to the board, that projected savings or the retention of certificated employees as specified can be demonstrated. Any person who willfully submits a certification in a manner inconsistent with this section may be subject to prosecution for fraud, theft, or embezzlement under the Penal Code. The school district shall reimburse the county superintendent for the costs resulting from the certification. The county superintendent of schools may audit, pursuant to Section 42127.6 or 84040, respectively, any school district or community college district that has had a budget disapproval at the beginning of the budget



year or that has received a negative certification under the budget process.

(8) The county offices of education shall demonstrate and certify to the Superintendent of Public Instruction that the action would result in either a net savings to the county office or a retention of certificated employees who are credentialed to teach in teacher shortage disciplines. The Superintendent of Public Instruction shall certify to the board, in a manner acceptable to the board, that projected savings or the retention of certificated employees as specified can be demonstrated. Any person who willfully submits a certification in a manner inconsistent with this section may be subject to prosecution for fraud, theft, or embezzlement under the Penal Code.

(9) The community college district shall demonstrate and certify to the chancellor's office that the action would result in either a net savings to the community college district or a retention of academic employees who are credentialed to teach in teacher shortage disciplines. The chancellor shall certify to the board, in a manner acceptable to the board, that projected savings or the retention of academic employees as specified can be demonstrated. Any person who willfully submits a certification in a manner inconsistent with this section may be subject to prosecution for fraud, theft, or embezzlement under the Penal Code.

(b) The benefits made available pursuant to this section shall be available to all members employed by the school district, community college district, or county superintendent of schools who meet the conditions set forth in this section.

SEC. 2. Section 44928.5 is added to the Education Code, to read:

44928.5. (a) Whenever the governing board of a school district or a county superintendent of schools, by formal action, determines that, because of impending curtailment of services, or changes in the manner of performing services, the best interests of the district or county superintendent of schools would be served by



encouraging the retirement of certificated employees and that the retirement will result in a net savings to the district or county superintendent of schools or result in the retention of certificated employees who are credentialed to teach in teacher shortage disciplines, including, but not limited to, mathematics and science, the annual service retirement allowance of any member employed by the district or the county superintendent of schools who is age 55 years or any older age specified by the governing board and who retires on or after July 1, 1999, shall not be reduced pursuant to Chapter 27 (commencing with Section 24201) of Part 13 for retirement at an age under 60 years, if all of the following conditions exist:

(1) The total of the member's age in years and fractions thereof and the years and fractions thereof of the member's credited service equals or exceeds 85.

(2) The member is credited with five or more years of service under the State Teachers' Retirement System and retires under the State Teachers' Retirement System during a period not more than 120 days or less than 60 days, commencing no sooner than the effective date of the formal action of the district or county superintendent of schools, which shall specify the period.

(3) The district or county superintendent of schools transmits to the retirement fund an amount determined by the Teachers' Retirement Board that equals the actuarial equivalent of the difference between the allowance the member receives pursuant to Section 24205.5 and the amount the member would have received pursuant to Section 24202 and an amount determined by the Teachers' Retirement Board that equals the actuarial equivalent of the difference between the purchasing power protection supplemental payment the member receives after receipt of the allowance increase pursuant to this section and the purchasing power protection supplemental payment the member would have received without the allowance increase pursuant to this section. The payment for purchasing power shall be deposited in the Supplemental Benefit



Maintenance Account established by Section 22400 and shall be subject to Sections 24414 and 24415. The transfer to the retirement fund shall be made in a manner and time period acceptable to the Teachers' Retirement Board.

(4) The district or county superintendent of schools transmits to the retirement fund the administrative costs incurred by the State Teachers' Retirement System in implementing Section 24205.5, as determined by the Teachers' Retirement Board.

(5) The governing board of the district or county superintendent of schools has considered the availability of teachers to fill the positions that would be vacated pursuant to this section.

(6) The district or county superintendent of schools has certified to the Teachers' Retirement Board, prior to the formal action becoming effective in a school district or the office of the county superintendent of schools, that the net effect of the formal action will result in no costs to the State Teachers' Retirement System, the school district, the county superintendent of schools, or the General Fund.

(7) The school district shall demonstrate and certify to the county superintendent that the action would result in either a net savings to the school district or a retention of certificated employees who are credentialed to teach in teacher shortage disciplines. The county superintendent shall certify to the Teachers' Retirement Board, in a manner acceptable to the board, that projected savings or the retention of certificated employees as specified can or cannot be demonstrated. Any person who willfully submits a certification in a manner inconsistent with this section may be subject to prosecution for fraud, theft, or embezzlement under the Penal Code. The school district shall reimburse the county superintendent for the costs resulting from the certification. The county superintendent of schools may audit, pursuant to Section 42127.6, any school district or community college district that has had a budget disapproval at the beginning of the



budget year or that has received a negative certification under the budget process.

(8) The county office of education shall demonstrate and certify to the Superintendent of Public Instruction that the action would result in either a net savings to the county office or a retention of certificated employees who are credentialed to teach in teacher shortage disciplines. The Superintendent of Public Instruction shall certify to the Teachers' Retirement Board, in a manner acceptable to the board, the projected savings or the retention of certificated employees as specified can be demonstrated. Any person who willfully submits a certification in a manner inconsistent with this section may be subject to prosecution for fraud, theft, or embezzlement under the Penal Code.

(b) The benefits made available pursuant to this section shall be available to all members employed by the school district or county superintendent of schools who meet the conditions set forth in this section.

SEC. 3. Section 87489 is added to the Education Code, to read:

87489. (a) Whenever the governing board of a community college district, by formal action, determines that, because of impending curtailment of services, or changes in the manner of performing services, the best interests of the district would be served by encouraging the retirement of academic employees and that the retirement will result in a net savings to the district or result in the retention of academic employees who are credentialed to teach in teacher shortage disciplines, including, but not limited to, mathematics and science, the annual service retirement allowance of any member employed by the district age 55 years or any older age specified by the governing board and who retires under the State Teachers' Retirement System on or after July 1, 1999, shall not be reduced pursuant to Chapter 27 (commencing with Section 24201) of Part 13 for retirement at an age under 60 years, if all of the following conditions exist:



(1) The total of the member's age in years and fractions thereof and the years and fractions thereof of the member's credited service equals or exceeds 85.

(2) The member is credited with five or more years of service under the State Teachers' Retirement System and retires under the State Teachers' Retirement System during a period of not more than 120 days or less than 60 days, commencing no sooner than the effective date of the formal action of the district, which shall specify the period.

(3) The governing board transmits to the retirement fund an amount determined by the Teachers' Retirement Board that equals the actuarial equivalent of the difference between the allowance the member receives pursuant to Section 24205.5 and the amount the member would have received pursuant to Section 24202 and an amount determined by the Teachers' Retirement Board that equals the actuarial equivalent of the difference between the purchasing power protection supplemental payment the member receives after receipt of the allowance increase pursuant to this section and the purchasing power protection supplemental payment the member would have received without the allowance increase pursuant to this section. The payment for purchasing power shall be deposited in the Supplemental Benefit Maintenance Account established by Section 22400 and shall be subject to Sections 24414 and 24415. The transfer to the retirement fund shall be made in a manner and time period acceptable to the Teachers' Retirement Board.

(4) The governing board transmits to the retirement fund the administrative costs incurred by the system in implementing Section 24205.5, as determined by the Teachers' Retirement Board.

(5) The governing board of the community college district has considered the availability of teachers to fill the positions that would be vacated pursuant to this section.

(6) The community college district has certified to the Teachers' Retirement Board prior to the formal action



becoming effective in the community college district that the net effect of the formal action will result in no costs to the State Teachers' Retirement System, the district, or the General Fund.

(7) The community college district shall demonstrate and certify to the chancellor's office that the action would result in either a net savings to the community college district or a retention of academic employees who are credentialed to teach in teacher shortage disciplines. The chancellor shall certify to the Teachers' Retirement Board, in a manner acceptable to the board, that projected savings or the retention of academic employees as specified can or cannot be demonstrated. Any person who willfully submits a certification in a manner inconsistent with this section may be subject to prosecution for fraud, theft, or embezzlement under the Penal Code. The county superintendent of schools may audit, pursuant to Section 84040, any school district or community college district that has had a budget disapproval at the beginning of the budget year or that has received a negative certification under the budget process.

(b) The benefits made available pursuant to this section shall be available to all members employed by the community college district who meet the conditions set forth in this section.



Approved \_\_\_\_\_, 1998

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*Governor*

