

Assembly Bill No. 1102

CHAPTER 1006

An act to amend Sections 22717, 22719, 24209, 24210, 24415, and 24417 of, to add Section 24203.5 to, to repeal and add Section 22954 of, and to repeal Section 24414 of, the Education Code, and to add Sections 20837 and 20963.5 to the Government Code, relating to public employers, and making an appropriation therefor.

[Approved by Governor September 29, 1998. Filed
with Secretary of State September 30, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1102, Knox. Public employees retirement: sick leave.

(1) The State Teachers' Retirement Law provides for service credit at retirement for unused sick leave for persons who were members prior to July 1, 1980.

This bill would make that benefit applicable to any member who retires on or after January 1, 1999.

(2) The State Teachers' Retirement Law requires specified amounts to be annually transferred to the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund for the purpose of funding supplemental benefit payments.

This bill would repeal that provision and instead require a continuous appropriation to be annually made from the General Fund to that account in a specified amount for purposes of funding these supplemental payments. The bill would make a statement of legislative intent respecting the contractual obligation of those annual appropriations and would make related changes.

(3) The State Teachers' Retirement Law prescribes a 2% at age 60 service retirement formula.

The bill would provide that members with 30 or more years of credited service would receive an additional increase.

(4) The Public Employees' Retirement Law provides that state, school, and school safety members receive, at retirement, service credit for unused sick leave. The benefit is inapplicable to persons who became school or school safety members on or after July 1, 1980.

This bill would make that benefit applicable to school members who retire on or after January 1, 1999. The bill would require their employers to make additional contributions fixed and determined by the board of administration.

(5) The bill would provide that the State Teachers' Retirement Law provisions would become operative only if AB 2804 and AB 1150 are also enacted and become operative.

Appropriation: yes.

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

SECTION 1. The Legislature finds and declares as follows:

(a) The success of the class size reduction law and the effectiveness of public education generally requires that students be taught by competent, effective, credentialed teachers.

(b) Benefits provided members of the State Teachers' Retirement System are insufficient compared to those of members of the Public Employees Retirement System and other retirement systems, including teachers' retirement systems in other western states.

(c) State Teachers' Retirement System benefits are inadequate to make teaching attractive as a profession, and to encourage the retention of teachers in teaching.

(d) It is the intent of the Legislature to provide benefit improvements to members of the State Teachers' Retirement System that will provide comparability to those of school members of the Public Employees' Retirement System and encourage qualified people to choose teaching as a career.

(e) It is the intent of the Legislature that the benefit improvements enacted by this act be funded pursuant to the amendments to Section 22955 of the Education Code proposed by Assembly Bill 2804 of the 1997-98 Regular Session unless provided otherwise.

This act shall be known and may be cited as the Ralph Dills Teacher Recruitment and Retention Act of 1998.

SEC. 2. Section 22717 of the Education Code is amended to read:

22717. (a) A member shall be granted credit at service retirement for each day of accumulated and unused leave of absence for illness or injury for which full salary is allowed to which the member was entitled on the member's final day of employment with the employer by which the member was last employed to perform creditable service subject to coverage by the plan.

(b) The amount of service credit to be granted shall be determined by dividing the number of days of accumulated and unused leave of absence for illness or injury by the number of days of service the employer requires the member's class of employees to perform in a school year during the member's final year of creditable service subject to coverage by the plan, which shall not be less than the minimum standard specified in Section 22138.5. In no event shall the divisor be less than 175.

(c) When the member has made application for service retirement under this part, the employer shall certify to the board, within 30 days following the effective date of the member's service retirement, the number of days of accumulated and unused leave of absence for illness or injury that the member was entitled to on the final day of employment. The board may assess a penalty on delinquent reports.



(d) This section shall be applicable to any person who retires on or after January 1, 1999.

SEC. 3. Section 22719 of the Education Code is amended to read:

22719. If the allowance of a retired member is terminated, the employer shall not restore sick leave days for which service credit was granted at retirement.

SEC. 4. Section 22954 of the Education Code is repealed.

SEC. 5. Section 22954 is added to the Education Code, to read:

22954. (a) Notwithstanding Section 13340 of the Government Code, commencing July 1, 1999, a continuous appropriation is hereby annually made from the General Fund to the Controller, pursuant to this section, for transfer to the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund. The total amount of the appropriation for each year shall be equal to 2.5 percent of the total of the creditable compensation of the immediately preceding calendar year upon which members' contributions are based for purposes of funding the supplemental payments authorized by Section 24415.

(b) The board may deduct from the annual appropriation made pursuant to this section an amount necessary for the administrative expenses of Section 24415.

(c) It is the intent of the Legislature in enacting this section to establish the supplemental payments pursuant to Section 24415 as vested benefits pursuant to a contractually enforceable promise to make annual contributions from the General Fund to the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund in order to provide a continuous annual source of revenue for the purposes of making the supplemental payments under Section 24415.

SEC. 6. Section 24203.5 is added to the Education Code, to read:

24203.5. The percentage of final compensation used to compute the allowance pursuant to Section 24202.5 or 24203 of a member retiring on or after January 1, 1999, who has 30 or more years of credited service, shall be increased by two-tenths of 1 percentage point, provided that the sum of the percentage of final compensation used to compute the allowance in Section 24202.5 or 24203, including any adjustments for retiring before the normal retirement age, and the additional percentage provided by this section does not exceed 2.40 percent.

SEC. 7. Section 24209 of the Education Code is amended to read:

24209. Upon retirement for service following termination of a prior service retirement, the member shall receive a service retirement allowance equal to the sum of both of the following:

(a) An amount equal to the monthly allowance the member was receiving immediately preceding the most recent termination of retirement allowance, exclusive of any amounts payable pursuant to Section 22714 or 22715, increased by the improvement factor that



would have been applied to the allowance if the member had not terminated the retirement allowance.

(b) An amount calculated pursuant to Section 24202, 24202.5, 24203, 24203.5, or 24206 on service credited subsequent to the most recent termination of retirement allowance, the member's age at retirement, and final compensation.

SEC. 8. Section 24210 of the Education Code is amended to read:

24210. Upon retirement for service following a prior disability retirement granted pursuant to Chapter 26 (commencing with Section 24100) that was terminated, the member shall receive a service retirement allowance calculated pursuant to Section 24202, 24202.5, 24203, 24203.5, or 24206 and equal to the sum of both of the following:

(a) An amount based on service credit accrued prior to the effective date of the disability retirement, the member's age as of the effective date of the service retirement, and indexed final compensation to the effective date of the service retirement.

(b) An amount based on the service credit accrued after termination of the disability retirement, the member's age as of the effective date of service retirement, and final compensation.

SEC. 9. Section 24414 of the Education Code is repealed.

SEC. 10. Section 24415 of the Education Code is amended to read:

24415. (a) The proceeds of the Supplemental Benefit Maintenance Account shall be distributed annually in quarterly supplemental payments commencing on September 1, 1990, to retired members, disabled members, and beneficiaries. The amount available for distribution in any fiscal year shall not exceed the amount necessary to restore purchasing power up to 75 percent of the purchasing power of the initial monthly allowance after the application of all allowance increases authorized by this part, including those specified in Section 24412.

(b) The net revenues to be distributed shall be allocated among those retired members, disabled members, and beneficiaries whose allowances, after sequentially applying the annual improvement factor as defined in Sections 22140 and 22141, and the annual supplemental payment as defined in Section 24412, have the lowest purchasing power percentage. The purchasing power calculation for each individual shall be based on the change in the All Urban California Consumer Price Index between June of the calendar year of retirement and June of the fiscal year preceding the fiscal year of distribution. In any year in which the purchasing power of the allowances of all retired members, disabled members, and beneficiaries equals not less than 75 percent and additional funds remain from the allocation authorized by this section, those funds shall remain in the Supplemental Benefit Maintenance Account for allocation in future years.



(c) The allowance increase shall not be applicable to annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions.

(d) The benefits provided by subdivision (b) are not cumulative, nor part of the base allowance, and will be payable only to the extent that funds are available from the Supplemental Benefit Maintenance Account. The board shall inform each recipient of the contents of this subdivision.

(e) The adjustments authorized by this section are vested only up to the amount payable as a result of the annual appropriation made pursuant to Section 22954 and shall not be included in the base allowance for purposes of calculating the annual improvement defined by Sections 22140 and 22141.

SEC. 11. Section 24417 of the Education Code is amended to read:

24417. (a) The proceeds of an auxiliary Supplemental Benefit Maintenance Account shall be distributed annually in quarterly supplemental payments, commencing when funds in the Supplemental Benefit Maintenance Account are insufficient to support 75 percent, to retired members, disabled members, and beneficiaries. The amount available for distribution in any fiscal year shall not exceed the amount necessary to restore purchasing power up to 75 percent of the purchasing power of the initial monthly allowance after the application of all allowance increases authorized by this part, including those specified in Section 24412 and Section 24415.

(b) The net revenues to be distributed shall be allocated among those retired members, disabled members, and beneficiaries whose allowances, after sequentially applying the annual improvement factor as defined in Sections 22140 and 22141, and the annual supplemental payment as defined in Section 24412 and Section 24415, have the lowest purchasing power percentage. The purchasing power calculation for each individual shall be based on the change in the All Urban California Consumer Price Index between June of the calendar year of benefit effective date and June of the fiscal year preceding the fiscal year of distribution.

(c) The allowance increase shall not be applicable to annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions.

(d) The benefits provided by subdivision (b) are not cumulative, nor part of the base allowance, and will be payable only to the extent that funds are available from the Supplemental Benefit Maintenance Account and the auxiliary Supplemental Benefit Maintenance Account. The board shall inform each recipient of the contents of this subdivision.

(e) The distributions authorized by this section are vested only up to the amount payable as a result of the annual appropriation made pursuant to Section 22954 and shall not be included in the base



allowance for purposes of calculating the annual improvement defined by Section 22140 and 22141.

SEC. 12. Section 20837 is added to the Government Code, to read:

20837. Each school employer and each contracting agency that is a school district, on account of liability for the benefits provided by Section 20963.5 shall make contributions in addition to those otherwise specified in this chapter in amounts to be fixed and determined by the board.

SEC. 13. Section 20963.5 is added to the Government Code, to read:

20963.5. (a) Notwithstanding any other provision of law, Section 20963 shall not apply to school safety members who were employed on or after July 1, 1980, and who retired prior to January 1, 1999.

(b) Notwithstanding any other provision of law, Section 20963 shall apply to school members who retire on or after January 1, 1999.

SEC. 14. Sections 1 to 11, inclusive, of this act shall only become operative if Assembly Bill 2804 and Assembly Bill 1150 of the 1997-98 Regular Session of the Legislature are also enacted and become operative.

