

AMENDED IN SENATE AUGUST 21, 2000  
AMENDED IN SENATE AUGUST 7, 2000  
AMENDED IN SENATE MAY 31, 2000  
AMENDED IN SENATE FEBRUARY 24, 2000  
AMENDED IN ASSEMBLY JANUARY 3, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 816**

**Introduced by Committee on Public Employees, Retirement  
and Social Security (Correa (Chair), Firebaugh, Honda,  
Knox, and Pescetti)**

February 24, 1999

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An act to amend Sections 22106, 22128, 22138.5, 22141, 22146, 22147.5, 22148, 22149, 22151, 22156, 22156.1, 22160, 22163, 22165, 22307, 22402, 22500, 22508, ~~22508.5~~, 22701, 22713, 22900, 22951, 22956, 23001, 23008, 23102, ~~23300~~, 23800, 23850, 24201, 24209, 24211, 24307, 24410.5, 24415, 24417, 26104, 44922, and 47611 of, *and to repeal and add Section 23300 to*, the Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 816, as amended, Committee on Public Employees, Retirement and Social Security. State Teachers' Retirement System.

(1) The ~~State~~ Teachers' Retirement Law authorizes a member of the Defined Benefit Program to designate, or

change the designation of, a beneficiary to receive benefits payable under the program, except as specified.

This bill would additionally authorize an option beneficiary to designate a death beneficiary to receive those benefits.

~~(2) Existing law also sets forth the administration of, and the benefits available under, the Defined Benefit Program.~~

~~This bill would revise various provisions governing the administration of, and the benefits available under, the Defined Benefit Program.~~

~~(3) Existing law defines the terms annuity deposit contributions, early retirement, early retirement age, nonqualified service, normal retirement, normal retirement age, option beneficiary, overtime, plan vesting, provisional vesting, retirement, and administrative costs for purposes of the State Teachers' Retirement System and the State Teachers' Retirement System Cash Balance Plan.~~

~~This bill would revise those definitions.~~

~~(4) The State Teachers' Retirement Law prescribes enhanced retirement benefits for members with 30 years or more of credited service. That law also prescribes retirement benefits for members who retire following reinstatement from retirement.~~

This bill would provide that a member who retires on or after January 1, 1999, following reinstatement from retirement with 30 years or more of total credited service shall be entitled to those enhanced retirement benefits, as specified.

~~(5)~~

~~(3) The State Teachers' Retirement Law defines—"full time," "member," and "reinstatement" various terms for purposes of calculating and providing retirement benefits under the Defined Benefit Program and the Cash Balance Benefit Program, provides a specified membership option to employees of a community college district who have been previously or are subsequently employed by the Board of Governors of the California Community Colleges, prescribes reporting and payment requirements for specified employing agencies, specifies eligibility requirements for service retirement, prescribes allowances payable to designated beneficiaries under specified preretirement options,~~



prescribes minimum annual allowances payable to a retired member, an option beneficiary, or a surviving spouse receiving specified death benefits, and authorizes the transfer and disbursement of funds from the State Teachers' Retirement Fund.

This bill would make technical changes to those and other provisions.

~~(6)~~

(4) Existing law provides that all employees of a charter school who perform creditable service shall be entitled to have that service covered under the Defined Benefit Program of the Teachers' Retirement Plan, if the school elects to make that plan available.

This bill would require a charter school *that elects to make that or another plan available* to inform all applicants for employment of the retirement options for employees of the school, as specified, ~~thereby creating a state-mandated local program.~~

~~(7) 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

(5) *The bill would make and incorporate additional changes to Sections 23300, 24415, and 24417 of the Education Code to take effect if this bill and AB 1509 are enacted and become effective on or before January 1, 2001, and this bill is enacted last.*

Vote: majority. 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 22106 of the Education Code is  
2 amended to read:

3 22106. “Annuity deposit contributions” means  
4 additional contributions made by a member prior to July  
5 1, 1972, above those required for credited service for the  
6 purpose of providing additional retirement income.

7 ~~SEC. 1.2.—~~

8 SEC. 2. Section 22128 of the Education Code is  
9 amended to read:

10 22128. “Early retirement” and “early retirement  
11 age” mean the age of 55 years, which is the age upon  
12 attainment of which the member becomes eligible under  
13 the Defined Benefit Program for a service retirement  
14 allowance with reduction because of age and without  
15 special qualifications.

16 ~~SEC. 1.4.—~~

17 SEC. 3. Section 22138.5 of the Education Code is  
18 amended to read:

19 22138.5. (a) “Full time” means the days or hours of  
20 creditable service the employer requires to be performed  
21 by a class of employees in a school year in order to earn  
22 the compensation earnable as defined in Section 22115  
23 and specified under the terms of a collective bargaining  
24 agreement or employment agreement. For the purpose  
25 of crediting service under this part, “full time” shall not  
26 be less than the minimum standards specified in this  
27 section.

28 (b) The minimum standard for full time in  
29 kindergarten through grade 12 shall be:

30 (1) One hundred seventy-five days per year or 1,050  
31 hours per year, except as provided in paragraphs (2) and  
32 (3).

33 (2) (A) One hundred ninety days per year or 1,520  
34 hours per year for all principals and program managers,  
35 including advisers, coordinators, consultants, and  
36 developers or planners of curricula, instructional  
37 materials, or programs, and for administrators, except as  
38 provided in subparagraph (B).



1 (B) Two hundred fifteen days per year or 1,720 hours  
2 per year including school and legal holidays pursuant to  
3 the policy adopted by the employer's governing board for  
4 administrators at a county office of education.

5 (3) One thousand fifty hours per year for teachers in  
6 adult education programs.

7 (c) The minimum standard for full time in community  
8 colleges shall be:

9 (1) One hundred seventy-five days per year or 1,050  
10 hours per year, except as provided in paragraphs (2), (3),  
11 (4), (5), and (6). Full time shall include time for duties  
12 the employer requires to be performed as part of the  
13 full-time assignment for a particular class of employees.

14 (2) One hundred ninety days per year or 1,520 hours  
15 per year for all program managers and for administrators,  
16 except as provided in paragraph (3).

17 (3) Two hundred fifteen days per year or 1,720 hours  
18 per year including school and legal holidays pursuant to  
19 the policy adopted by the employer's governing board for  
20 administrators at a district office.

21 (4) One hundred seventy-five days per year or 1,050  
22 hours per year for all counselors and librarians.

23 (5) Five hundred twenty-five instructional hours per  
24 school year for all instructors employed on a part-time  
25 basis, except instructors specified in paragraph (6). If an  
26 instructor receives compensation for office hours  
27 pursuant to Article 10 (commencing with Section 87880)  
28 of Chapter 3 of Part 51, then the minimum standard  
29 established herein shall be increased appropriately by the  
30 number of office hours required annually for the class of  
31 employees.

32 (6) Eight hundred seventy-five instructional hours per  
33 school year for all instructors employed in adult  
34 education programs. If an instructor receives  
35 compensation for office hours pursuant to Article 10  
36 (commencing with Section 87880) of Chapter 3 of Part 51,  
37 then the minimum standard established herein shall be  
38 increased appropriately by the number of office hours  
39 required annually for the class of employees.



1 (d) The board shall have final authority to determine  
2 full time for purposes of crediting service under this part  
3 if full time is not otherwise specified herein.

4 ~~SEC. 2.—~~

5 *SEC. 4.* Section 22141 of the Education Code is  
6 amended to read:

7 22141. Notwithstanding Section 22140,  
8 “improvement factor” means an increase of 2 percent in  
9 benefits provided under Sections 24408 and 24409 for  
10 each year commencing on September 1, 1981, and under  
11 Section 24410.5 for each year commencing September 1,  
12 2002. The factor shall not be compounded nor shall it be  
13 applicable to annuities payable from the accumulated  
14 annuity deposit contributions or the accumulated  
15 tax-sheltered annuity contributions. The Legislature  
16 reserves the right to adjust the amount of the  
17 improvement factor up or down as the economic  
18 conditions dictate. No adjustments of the improvement  
19 factor shall reduce the monthly retirement allowance or  
20 benefit below that which would be payable to the  
21 recipient under this part had this section not been  
22 enacted.

23 ~~SEC. 3.—~~

24 *SEC. 5.* Section 22146 of the Education Code is  
25 amended to read:

26 22146. “Member” means any person, unless excluded  
27 under other provisions of this part, who has performed  
28 creditable service as defined in Section 22119.5 and has  
29 earned creditable compensation for that service and has  
30 not received a refund for that service and, as a result, is  
31 subject to the Defined Benefit Program. A member’s  
32 rights and obligations under this part with respect to the  
33 Defined Benefit Program shall be determined by the  
34 applicability of subdivision (a), (b), (c), or (d), and  
35 subject to any applicable exceptions under other  
36 provisions of this part.

37 (a) An active member is a member who is not retired  
38 or disabled and who earns creditable compensation  
39 during the school year.



1 (b) An inactive member is a member who is not  
2 retired or disabled and who has not earned creditable  
3 compensation during the school year immediately prior  
4 to and the school year during which the member retires  
5 for service.

6 (c) A disabled member is a member to whom a  
7 disability allowance is payable under Chapter 25  
8 (commencing with Section 24001).

9 (d) A retired member is a member who has  
10 terminated employment and has retired for service  
11 under the provisions of Chapter 27 (commencing with  
12 Section 24201), or has retired for disability under the  
13 provisions of Chapter 26 (commencing with Section  
14 24100) or retired for service or disability under the  
15 provisions of Chapter 21 (commencing with Section  
16 23400), and to whom a retirement allowance is therefore  
17 payable.

18 ~~SEC. 3.2.—~~

19 *SEC. 6.* Section 22147.5 of the Education Code is  
20 amended to read:

21 22147.5. “Nonqualified service” means any time  
22 during which a member did not perform creditable  
23 service subject to coverage by the plan. Nonqualified  
24 service shall not include time for which the member is  
25 eligible to purchase credit pursuant to Chapter 14  
26 (commencing with Section 22800), Chapter 14.2  
27 (commencing with Section 22820), or Chapter 14.5  
28 (commencing with Section 22850).

29 ~~SEC. 3.4.—~~

30 *SEC. 7.* Section 22148 of the Education Code is  
31 amended to read:

32 22148. “Normal retirement” and “normal retirement  
33 age” mean the age of 60 years, which is the age upon  
34 attainment of which the member becomes eligible under  
35 the Defined Benefit Program for a service retirement  
36 allowance without reduction because of age and without  
37 special qualifications.

38 ~~SEC. 3.5.—~~

39 *SEC. 8.* Section 22149 of the Education Code is  
40 amended to read:



1 22149. “Option beneficiary” means the person  
2 designated by a member to receive a retirement  
3 allowance under the Defined Benefit Program upon the  
4 member’s death.

5 ~~SEC. 3.6.—~~

6 *SEC. 9.* Section 22151 of the Education Code is  
7 amended to read:

8 22151. “Overtime” means the aggregate creditable  
9 service in excess of one year (1.000) of creditable service  
10 that is performed by a person in a school year.

11 ~~SEC. 3.8.—~~

12 *SEC. 10.* Section 22156 of the Education Code is  
13 amended to read:

14 22156. “Plan vesting,” with respect to benefits  
15 payable under the Defined Benefit Program, means the  
16 member has met the credited service requirement for  
17 receipt of a benefit, and has a right to receive the benefit  
18 at a future date provided all other conditions required to  
19 receive the benefit are also met.

20 ~~SEC. 4.—~~

21 *SEC. 11.* Section 22156.1 of the Education Code is  
22 amended to read:

23 22156.1. “Present value,” for purposes of Section  
24 22718, means the amount of money needed on the  
25 effective date of retirement to reimburse the system for  
26 the actuarially determined cost of the portion of a  
27 member’s retirement allowance attributable to unused  
28 excess sick leave days. The present value on the effective  
29 date of retirement shall equal the number of unused  
30 excess sick leave days divided by the number of base days,  
31 multiplied by the prior year’s compensation earnable  
32 multiplied by the present value factor.

33 ~~SEC. 4.5.—~~

34 *SEC. 12.* Section 22160 of the Education Code is  
35 amended to read:

36 22160. “Provisional vesting” means the member has  
37 reached the minimum age requirement and has attained  
38 the credited service required under the Defined Benefit  
39 Program for eligibility to receive a retirement allowance,



1 and the member is entitled to terminate employment  
2 and retire at any time to receive a retirement allowance.

3 ~~SEC. 5.—~~

4 *SEC. 13.* Section 22163 of the Education Code is  
5 amended to read:

6 22163. “Reinstatement” means the change in status  
7 with respect to the Defined Benefit Program under this  
8 part from a disabled or retired member to an active or  
9 inactive member and termination of one of the following:

10 (a) A service retirement allowance pursuant to  
11 Section 24208.

12 (b) A disability retirement allowance pursuant to  
13 Section 24117.

14 (c) A disability allowance pursuant to Section 24004,  
15 24006, or 24015.

16 (d) A service retirement allowance or disability  
17 retirement allowance pursuant to Section 23404.

18 ~~SEC. 5.2.—~~

19 *SEC. 14.* Section 22165 of the Education Code is  
20 amended to read:

21 22165. “Retirement” means termination of  
22 employment subject to coverage by the plan and a  
23 change in status from an inactive member, an active  
24 member, or a disabled member to a retired member.

25 ~~SEC. 5.4.—~~

26 *SEC. 15.* Section 22307 of the Education Code is  
27 amended to read:

28 22307. (a) The board may authorize the transfer and  
29 disbursement of funds from the retirement fund for the  
30 purpose of carrying into effect this part and Part 14  
31 (commencing with Section 26000). That action shall  
32 require signatures of either the board chairperson and  
33 vice chairperson, or the signatures of the board  
34 chairperson or vice chairperson and the chief executive  
35 officer or any employee of the system designated by the  
36 chief executive officer.

37 (b) Notwithstanding Section 13340 of the  
38 Government Code, the board may disburse funds for  
39 benefits payable under this part and Part 14  
40 (commencing with Section 26000), for the payment of



1 refunds and for investment transactions. Funds for these  
2 purposes shall not require appropriation by the annual  
3 Budget Act.

4 (c) Funds for the payment of administrative expenses  
5 are not continuously appropriated, and funds for that  
6 purpose shall be appropriated by the annual Budget Act.

7 ~~SEC. 5.6.—~~

8 *SEC. 16.* Section 22402 of the Education Code is  
9 amended to read:

10 22402. Earned interest on plan assets with respect to  
11 the Defined Benefit Program that is not credited to  
12 member accounts under the Defined Benefit Program  
13 and the plan's other income with respect to the Defined  
14 Benefit Program shall be allocated to provide benefits  
15 payable under the Defined Benefit Program.

16 ~~SEC. 6.—~~

17 *SEC. 17.* Section 22500 of the Education Code is  
18 amended to read:

19 22500. All persons who were members of the  
20 California State Teachers' Retirement System on June 30,  
21 1996, are members of the Defined Benefit Program under  
22 the plan, in accordance with Section 401(a) of the  
23 Internal Revenue Code of 1986, as amended.

24 ~~SEC. 7.—~~

25 *SEC. 18.* Section 22508 of the Education Code is  
26 amended to read:

27 22508. (a) A member who becomes employed by the  
28 same or a different school district, community college  
29 district, or a county superintendent to perform service  
30 that requires membership in a different public  
31 retirement system, may elect to have that service subject  
32 to coverage by the Defined Benefit Program of this plan  
33 and excluded from coverage by the other public  
34 retirement system. The election shall be made in writing  
35 on a form prescribed by this system within 60 days from  
36 the date of hire in the position requiring membership in  
37 the other public retirement system. If that election is  
38 made, the service performed for the employer after the  
39 date of hire shall be considered creditable service for  
40 purposes of this part.



1 (b) A member of the Public Employees' Retirement  
2 System who is employed by a school district, community  
3 college district, or a county superintendent and who is  
4 subsequently employed to perform creditable service  
5 subject to coverage by the Defined Benefit Program of  
6 this plan may elect to have that service subject to  
7 coverage by the Public Employees' Retirement System  
8 and excluded from coverage by the Defined Benefit  
9 Program, if the employer offers coverage by the Public  
10 Employees' Retirement System. The election shall be  
11 made in writing on a form prescribed by this system  
12 within 60 days from the date of hire to perform creditable  
13 service. If that election is made, creditable service  
14 performed for the employer after the date of hire shall be  
15 subject to coverage by the Public Employees' Retirement  
16 System.

17 (c) An election made by a member pursuant to this  
18 section shall be irrevocable.

19 ~~SEC. 8. Section 22508.5 of the Education Code is~~  
20 ~~amended to read:~~

21 ~~22508.5. (a) Any person who is a member of the~~  
22 ~~Defined Benefit Program of the State Teachers'~~  
23 ~~Retirement Plan employed by a community college~~  
24 ~~district who subsequently is employed by the Board of~~  
25 ~~Governors of the California Community Colleges to~~  
26 ~~perform duties that are subject to membership in a~~  
27 ~~different public retirement system, shall be excluded~~  
28 ~~from membership in that different system if he or she~~  
29 ~~elects, in writing, and files that election in the office of the~~  
30 ~~State Teachers' Retirement System within 60 days after~~  
31 ~~the person's entry into the new position, to continue as a~~  
32 ~~member of the Defined Benefit Program. Only a person~~  
33 ~~who has achieved plan vesting is eligible to elect to~~  
34 ~~continue as a member of the program.~~

35 (b) A member of the Public Employees' Retirement  
36 System who is employed by the Board of Governors of the  
37 California Community Colleges who subsequently is  
38 employed by a community college district to perform  
39 service that requires membership in the Defined Benefit  
40 Program, may elect to have that service subject to



1 ~~coverage by the Public Employees' Retirement System~~  
2 ~~and excluded from coverage under the Defined Benefit~~  
3 ~~Program pursuant to Section 20309 of the Government~~  
4 ~~Code.~~

5 ~~(e) This section shall apply to changes in employment~~  
6 ~~effective on or after January 1, 1998.~~

7 ~~SEC. 8.5.—~~

8 *SEC. 19.* Section 22701 of the Education Code is  
9 amended to read:

10 22701. (a) Service performed prior to July 1, 1972,  
11 shall be credited according to the provisions of law in  
12 effect at the time service was performed.

13 (b) Creditable service performed on or after July 1,  
14 1972, and credited under the Defined Benefit Program,  
15 shall be credited in the proportion that the member's  
16 creditable compensation for that service bears to the  
17 member's compensation earnable.

18 ~~SEC. 9.—~~

19 *SEC. 20.* Section 22713 of the Education Code is  
20 amended to read:

21 22713. (a) Notwithstanding any other provision of  
22 this chapter, the governing board of a school district or a  
23 community college district or a county superintendent of  
24 schools may establish regulations that allow an employee  
25 who is a member of the Defined Benefit Program to  
26 reduce his or her workload from full time to part time,  
27 and receive the service credit the member would have  
28 received if the member had been employed on a full-time  
29 basis and have his or her retirement allowance, as well as  
30 other benefits that the member is entitled to under this  
31 part, based, in part, on final compensation determined  
32 from the compensation earnable the member would have  
33 been entitled to if the member had been employed on a  
34 full-time basis.

35 (b) The regulations shall include, but shall not be  
36 limited to, the following:

37 (1) The option to reduce the member's workload shall  
38 be exercised at the request of the member and can be  
39 revoked only with the mutual consent of the employer  
40 and the member.



1 (2) The member shall have been employed full time  
2 to perform creditable service subject to coverage under  
3 the Defined Benefit Program for at least 10 years  
4 including five years of full-time employment  
5 immediately preceding the reduction in workload.

6 (3) The member shall not have had a break in service  
7 during the five years immediately preceding the  
8 reduction in workload. For purposes of this subdivision,  
9 sabbaticals and other approved leaves of absence shall not  
10 constitute a break in service.

11 (4) The member shall have reached the age of 55 years  
12 prior to the reduction in workload.

13 (5) The reduced workload shall be performed for a  
14 period of time, as specified in the regulations, up to and  
15 including 10 years. The period of time specified in the  
16 regulations shall not exceed 10 years.

17 (6) The reduced workload shall be equal to at least  
18 one-half of the full-time equivalent required by the  
19 member's contract of employment during his or her final  
20 year of full-time employment.

21 (7) The member shall be paid creditable  
22 compensation that is the pro rata share of the creditable  
23 compensation the member would have been paid had the  
24 member not reduced his or her workload.

25 (c) Prior to the reduction of a member's workload  
26 under this section, the employer in conjunction with the  
27 administrative staff of the State Teachers' Retirement  
28 System and the Public Employees' Retirement System,  
29 shall verify the member's eligibility for the reduced  
30 workload program.

31 (d) The member shall make contributions to the  
32 Teachers' Retirement Fund in the amount that the  
33 member would have contributed had the member  
34 performed creditable service on a full-time basis subject  
35 to coverage under the Defined Benefit Program.

36 (e) The employer shall contribute to the Teachers'  
37 Retirement Fund at a rate adopted by the board as a plan  
38 amendment with respect to the Defined Benefit  
39 Program an amount based upon the creditable  
40 compensation that would have been paid to the member



1 had the member performed creditable service on a  
2 full-time basis subject to coverage under the Defined  
3 Benefit Program.

4 (f) The employer shall maintain the necessary records  
5 to separately identify each member who participates in  
6 the reduced workload program pursuant to this section.

7 ~~SEC. 9.2.—~~

8 *SEC. 21.* Section 22900 of the Education Code is  
9 amended to read:

10 22900. By accepting employment, a person consents  
11 to make contributions pursuant to Section 22901 for  
12 service and compensation credited under this part.

13 ~~SEC. 9.4.—~~

14 *SEC. 22.* Section 22951 of the Education Code is  
15 amended to read:

16 22951. In addition to any other contributions required  
17 by this part, employers shall, on account of liability for  
18 benefits pursuant to Section 22717, contribute monthly to  
19 the Teachers' Retirement Fund 0.25 percent of the  
20 creditable compensation upon which members'  
21 contributions under this part are based.

22 ~~SEC. 9.6.—~~

23 *SEC. 23.* Section 22956 of the Education Code is  
24 amended to read:

25 22956. Employer and state contributions made to the  
26 plan pursuant to this part for service credited under the  
27 Defined Benefit Program shall not be credited to the  
28 individual member accounts. These contributions shall  
29 be held in the reserves of the plan to finance the  
30 employers' share of the cost of all benefits payable under  
31 the plan with respect to the Defined Benefit Program.  
32 Under no circumstances shall these employer and state  
33 contributions be allocated or awarded to individual  
34 members, their spouses, or beneficiaries.

35 ~~SEC. 10.—~~

36 *SEC. 24.* Section 23001 of the Education Code is  
37 amended to read:

38 23001. Each county superintendent, district  
39 superintendent, chancellor of a community college  
40 district, or other employing agency that reports directly



1 to the system shall draw requisitions for contributions  
2 required by Sections 22901 and 22950 in favor of the State  
3 Teachers' Retirement System, and the requisitions, when  
4 allowed and signed by the county auditor, shall constitute  
5 a warrant against the county treasury. The county  
6 superintendent, district superintendent, chancellor of a  
7 community college district, or other employing agency  
8 thereupon shall forward the warrants to the board in  
9 Sacramento. The amounts received shall be deposited  
10 immediately in the State Treasury to the Teachers'  
11 Retirement Fund.

12 ~~SEC. 11.~~

13 *SEC. 25.* Section 23008 of the Education Code is  
14 amended to read:

15 23008. (a) If more or less than the required  
16 contributions specified in this part and Section 44987 are  
17 paid to the system based on any payment of creditable  
18 compensation to a member, proper adjustments shall be  
19 made on a monthly report, by the county superintendent,  
20 district superintendent, chancellor of a community  
21 college district, or other employing agency who  
22 submitted the report, within 60 days after discovery or  
23 notification by the system and any refunds shall be made  
24 to the member within the same time period by the  
25 employing agency.

26 (b) The board may assess penalties for late or  
27 improper adjustments pursuant to Section 23006. These  
28 penalties shall be no more than the regular interest as  
29 defined in Section 22162. The penalty so assessed shall be  
30 deemed interest earned in the year in which it was  
31 received.

32 (c) If a required report contains erroneous  
33 information and the system, acting in good faith,  
34 disburses funds from the Teacher's Retirement Fund  
35 based on that information, the county superintendent,  
36 district superintendent, chancellor of a community  
37 college district, or other employing agency who  
38 submitted the report shall reimburse the retirement fund  
39 in full for the amount of the erroneous disbursement.



1 Reimbursement shall be made immediately upon  
2 notification by the system.

3 ~~SEC. 11.5.—~~

4 *SEC. 26.* Section 23102 of the Education Code is  
5 amended to read:

6 23102. Prior to the system paying a refund of  
7 accumulated retirement contributions under this part,  
8 the employer shall certify that the member's  
9 employment has been terminated unless the  
10 employment was terminated 12 months or more prior to  
11 the date the member signed the refund application.

12 ~~SEC. 12.~~ Section 23300 of the Education Code is  
13 amended to read:

14 *SEC. 27.* Section 23300 of the Education Code is  
15 repealed.

16 ~~23300. (a) A member of the Defined Benefit~~  
17 ~~Program may at any time designate a beneficiary, or~~  
18 ~~change the designation of a beneficiary, to receive~~  
19 ~~benefits payable under this part, except that no~~  
20 ~~beneficiary designation may be made in derogation of the~~  
21 ~~community property share of any nonmember spouse~~  
22 ~~under this part when any such benefit is derived, in whole~~  
23 ~~or in part, from community property contributions or~~  
24 ~~service credited during the period of marriage, unless the~~  
25 ~~nonmember spouse has previously obtained an~~  
26 ~~alternative order for distribution pursuant to Section 2610~~  
27 ~~of the Family Code. A designation of beneficiary shall be~~  
28 ~~in writing on a form prescribed by the system, executed~~  
29 ~~by the member, witnessed by two witnesses, neither of~~  
30 ~~whom may be beneficiaries. To be valid the instrument~~  
31 ~~shall be received in the office of the system in Sacramento~~  
32 ~~before the member's death.~~

33 ~~(b) Except as otherwise stated in this section, the~~  
34 ~~designation of beneficiary, other than an option~~  
35 ~~beneficiary, may be revoked by the member making the~~  
36 ~~designation, and a different beneficiary designated in the~~  
37 ~~same manner as provided in this section.~~

38 *SEC. 28.* Section 23300 is added to the Education  
39 Code, to read:



1 23300. (a) A member of the Defined Benefit  
2 Program may at any time designate a beneficiary, or  
3 change the designation of a beneficiary, to receive  
4 benefits payable under this part, except that no  
5 beneficiary designation may be made in derogation of the  
6 community property share of any nonmember spouse  
7 under this part when any benefit is derived, in whole or  
8 in part, from community property contributions or  
9 service credited during the period of marriage, unless the  
10 nonmember spouse has previously obtained an  
11 alternative order for distribution pursuant to Section 2610  
12 of the Family Code. A designation of beneficiary shall be  
13 in writing on a form prescribed by the system, executed  
14 by the member, witnessed by two witnesses, neither of  
15 whom may be beneficiaries. To be valid the instrument  
16 shall be received in the office of the system in Sacramento  
17 before the member's death.

18 (b) Except as otherwise stated in this section, the  
19 designation of beneficiary, other than an option  
20 beneficiary, may be revoked by the party making the  
21 designation, and a different beneficiary designated in the  
22 same manner as provided in this section.

23 (c) An option beneficiary may designate a death  
24 beneficiary who would, upon the death of the option  
25 beneficiary, be entitled to receive the option  
26 beneficiary's accrued monthly allowance.

27 ~~SEC. 12.2.—~~

28 *SEC. 28.5. Section 23300 is added to the Education*  
29 *Code, to read:*

30 *23300. (a) A member of the Defined Benefit*  
31 *Program may designate a beneficiary to receive benefits*  
32 *payable under this part upon the member's death. A*  
33 *beneficiary designation may not be made in derogation*  
34 *of a nonmember spouse's community property interest*  
35 *with respect to service or contributions credited under*  
36 *this part unless the nonmember spouse has previously*  
37 *obtained an alternative order pursuant to Section 2610 of*  
38 *the Family Code.*

39 *(b) A member's beneficiary designation for benefits*  
40 *payable under the Defined Benefit Program, including a*

1 designation made pursuant to Section 24300, shall also  
2 apply to benefits payable under the Defined Benefit  
3 Supplement Program. A beneficiary designation shall be  
4 in writing on a form prescribed by the system, executed  
5 by the member, and witnessed by two witnesses who are  
6 not designated as a beneficiary for benefits payable under  
7 either the Defined Benefit Program or the Defined  
8 Benefit Supplement Program.

9 (c) A beneficiary designation shall not be valid unless  
10 it is received in the office of the system in Sacramento  
11 prior to the member's death.

12 (d) A member may change or revoke a beneficiary  
13 designation at any time by making a new designation  
14 pursuant to this section.

15 (e) This section shall not be applicable to the  
16 designation of an option beneficiary or an annuity  
17 beneficiary under this part.

18 (f) An option beneficiary may designate a death  
19 beneficiary who would, upon the death of the option  
20 beneficiary, be entitled to receive the option  
21 beneficiary's accrued monthly allowance.

22 SEC. 29. Section 23800 of the Education Code is  
23 amended to read:

24 23800. (a) This chapter governs the eligibility  
25 provisions, benefit provisions, allowance computations,  
26 and related provisions for the benefits payable under this  
27 part with respect to the Defined Benefit Program upon  
28 the death of eligible members. "Members," as used in this  
29 chapter, means all members who were receiving a  
30 disability allowance on October 15, 1992, and all persons  
31 who were members of the plan under this part on  
32 October 15, 1992, who were not receiving an allowance  
33 and who did not elect, pursuant to Chapter 21.5  
34 (commencing with Section 23700), to be covered under  
35 Chapter 23 (commencing with Section 23850).

36 (b) This chapter also contains three sections related to  
37 survivor benefits payable on account of deaths that  
38 occurred prior to July 1, 1972.

39 ~~SEC. 12.4.~~



1    *SEC. 30.* Section 23850 of the Education Code is  
2 amended to read:

3    23850. This chapter governs the eligibility provisions,  
4 benefit provisions, allowance computations, and related  
5 provisions for the benefits payable under this part with  
6 respect to the Defined Benefit Program upon the death  
7 of eligible members. “Member,” as used in this chapter,  
8 means all persons who become members of the plan  
9 under this part on or after October 16, 1992, and all  
10 persons who were members as of October 15, 1992, who  
11 elected, pursuant to Chapter 21.5 (commencing with  
12 Section 23700), to be covered under the death benefit  
13 provisions of this chapter.

14    ~~SEC. 13.—~~

15    *SEC. 31.* Section 24201 of the Education Code is  
16 amended to read:

17    24201. (a) A member may retire for service under  
18 this part upon written application for retirement to the  
19 board, under paragraph (1) or (2) as follows:

20    (1) The member has attained the age of 55 years or  
21 more and has at least five years of credited service, at least  
22 one year of which has been performed subsequent to the  
23 most recent refund of accumulated retirement  
24 contributions. The five years of credited service may  
25 include out-of-state service purchased pursuant to  
26 Section 22820. The number of years of credited service  
27 performed in California shall not be less than the number  
28 of years necessary to determine final compensation  
29 pursuant to Section 22134 or 22135, whichever is  
30 applicable to the member.

31    (2) The member is credited with service that is not  
32 used as a basis for benefits under any other public  
33 retirement system, excluding the federal social security  
34 system, if the member has attained the age of 55 years or  
35 older and retires concurrently under one or more of the  
36 retirement systems with which the member has  
37 concurrent membership as defined in Section 22115.2.

38    (b) Application for retirement under paragraph (2) of  
39 subdivision (a) may be made even if the member has not  
40 earned five years of credited service.



1 ~~SEC. 14.~~—

2 *SEC. 32.* Section 24209 of the Education Code is  
3 amended to read:

4 24209. (a) Upon retirement for service following  
5 reinstatement, the member shall receive a service  
6 retirement allowance equal to the sum of both of the  
7 following:

8 (1) An amount equal to the monthly allowance the  
9 member was receiving immediately preceding  
10 reinstatement, exclusive of any amounts payable  
11 pursuant to Section 22714 or 22715, increased by the  
12 improvement factor that would have been applied to the  
13 allowance if the member had not reinstated.

14 (2) An amount calculated pursuant to Section 24202,  
15 24202.5, 24203, 24203.5, or 24206 on service credited  
16 subsequent to the most recent reinstatement, the  
17 member's age at retirement, and final compensation.

18 (b) If the total amount of credited service, other than  
19 that accrued pursuant to Sections 22714, 22715, 22717, and  
20 22826, is equal to or greater than 30 years, the amounts  
21 identified in paragraphs (1) and (2) of subdivision (a)  
22 shall be calculated pursuant to Section 24203.5. The  
23 improvement factor required in paragraph (1) of  
24 subdivision (a) shall be based on the allowance calculated  
25 pursuant to this subdivision.

26 (c) If the total amount of credited service, other than  
27 that accrued pursuant to Sections 22714, 22715, 22717, and  
28 22826, is equal to or greater than 30 years, upon  
29 retirement for service following reinstatement, a  
30 member who retired pursuant to Section 24213, and  
31 received the terminated disability allowance for the prior  
32 retirement, shall receive a service retirement allowance  
33 equal to the sum of the following:

34 (1) An amount based on the service credit accrued  
35 prior to the effective date of the disability allowance, the  
36 member's age at the prior retirement increased by the  
37 factor provided in Section 24203.5, and projected final  
38 compensation.

39 (2) An amount calculated pursuant to Section 24202,  
40 24202.5, 24203.5, or 24206 on service credited subsequent



1 to the reinstatement, the member's age at retirement,  
2 and final compensation.

3 ~~(d) This section applies to those members who had~~  
4 ~~previously reinstated and retire for service on or after~~  
5 ~~January 1, 1999.~~

6 ~~SEC. 15.—~~

7 *SEC. 33.* Section 24211 of the Education Code is  
8 amended to read:

9 24211. When a member who has been granted a  
10 disability allowance under this part after June 30, 1972,  
11 returns to employment subject to coverage under the  
12 Defined Benefit Program and performs:

13 (a) Less than three years of creditable service after  
14 termination of the disability allowance, the member shall  
15 receive a retirement allowance which is the sum of the  
16 allowance calculated on service credit accrued after the  
17 termination date of the disability allowance, the age of  
18 the member on the last day of the month in which the  
19 retirement allowance begins to accrue, and final  
20 compensation using compensation earnable and  
21 projected final compensation, plus the greater of either  
22 of the following:

23 (1) A service retirement allowance calculated on  
24 service credit accrued as of the effective date of the  
25 disability allowance, the age of the member on the last  
26 day of the month in which the retirement allowance  
27 begins to accrue, and projected final compensation  
28 excluding service credited pursuant to Section 22717 or  
29 Chapter 14 (commencing with Section 22800) or Chapter  
30 14.2 (commencing with Section 22820), to the  
31 termination date of the disability allowance.

32 (2) The disability allowance the member was receiving  
33 immediately prior to termination of that allowance,  
34 excluding children's portions.

35 (b) Three or more years of creditable service after  
36 termination of the disability allowance, the member shall  
37 receive a retirement allowance that is the greater of the  
38 following:

39 (1) A service retirement allowance calculated on all  
40 actual and projected service excluding service credited

1 pursuant to Section 22717 or Chapter 14 (commencing  
2 with Section 22800) or Chapter 14.2 (commencing with  
3 Section 22820), the age of the member on the last day of  
4 the month in which the retirement allowance begins to  
5 accrue, and final compensation using compensation  
6 earnable, or projected final compensation, or a  
7 combination of both.

8 (2) The disability allowance the member was  
9 receiving immediately prior to termination of that  
10 allowance, excluding children's portions.

11 (c) The allowance shall be increased by an amount  
12 based on any service credited pursuant to Section 22714,  
13 22715, or 22717 or Chapter 14 (commencing with Section  
14 22800) or Chapter 14.2 (commencing with Section 22820)  
15 and final compensation using compensation earnable, or  
16 projected final compensation, or a combination of both.

17 (d) If the total amount of credited service, other than  
18 projected service or service that accrued pursuant to  
19 Sections 22714, 22715, 22717, and 22826, is equal to or  
20 greater than 30 years, the amounts identified in  
21 subdivisions (a) and (b) shall be calculated pursuant to  
22 Section 24203.5.

23 ~~SEC. 16.—~~

24 *SEC. 34.* Section 24307 of the Education Code is  
25 amended to read:

26 24307. (a) A member who qualifies to apply for  
27 retirement under Section 24201 or 24203 may make a  
28 preretirement election of an option, as provided in  
29 Section 24300 without right of revocation or change after  
30 the effective date of retirement, except as provided in  
31 this part. The preretirement election of an option shall  
32 become effective on the date a properly executed form  
33 prescribed by the system is signed, providing the election  
34 is received in the system's office in Sacramento within 30  
35 days after the date of signature.

36 (b) A member who makes a preretirement election of  
37 an Option 2, Option 3, Option 4, Option 5, Option 6, or  
38 Option 7 may subsequently make a preretirement  
39 election of Option 8. The member may retain the same  
40 option and the same option beneficiary as named in the



1 prior preretirement election, as an option under Option  
2 8.

3 (c) Upon the member's death prior to the effective  
4 date of retirement, the beneficiary who was designated  
5 under the option elected and who survives shall receive  
6 an allowance calculated under the option, under the  
7 assumption that the member retired for service pursuant  
8 to Section 24202, 24202.5, 24203, 24203.5, 24206, 24209,  
9 24210, 24211, or 24212 on the date of death. The payment  
10 of the allowance to the option beneficiary shall be in lieu  
11 of the family allowance provided in Section 23804, the  
12 payment provided in paragraph (1) of subdivision (a) of  
13 Section 23802, the survivor benefit allowance provided in  
14 Section 23854, and the payment provided in subdivisions  
15 (a) and (b) of Section 23852, except that if the beneficiary  
16 dies before all of the member's accumulated retirement  
17 contributions are paid, the balance, if any, shall be paid to  
18 the estate of the person last receiving or entitled to  
19 receive the allowance. The accumulated annuity deposit  
20 contributions and the death payment provided in  
21 Sections 23801 and 23851 shall be paid to the beneficiary  
22 in a lump sum.

23 (d) If the member subsequently retires for service,  
24 and the elected option has not been canceled pursuant to  
25 Section 24309, a modified service retirement allowance  
26 computed under Section 24300 and the option elected  
27 shall be paid.

28 (e) The amount of the service retirement allowance  
29 prior to applying the option factor shall be calculated as  
30 of the earlier of the member's age at death before  
31 retirement or age on the last day of the month in which  
32 the member requested service retirement be effective.  
33 The modification of the service retirement allowance  
34 under the option elected shall be based on the ages of the  
35 member and the beneficiary designated under the  
36 option, as of the date the election was signed.

37 (f) A member who terminates the service retirement  
38 allowance pursuant to Section 24208 shall not be eligible  
39 to file a preretirement election of an option until one



1 calendar year elapses from the date the allowance is  
2 terminated.

3 (g) The system shall inform members who are  
4 qualified to make a preretirement election of an option,  
5 through the annual statements of account, that the  
6 election of an option can be made.

7 (h) This section shall become operative on January 1,  
8 2000.

9 ~~SEC. 17.~~

10 *SEC. 35.* Section 24410.5 of the Education Code is  
11 amended to read:

12 24410.5. (a) Notwithstanding any provision of this  
13 part, including, but not limited to, subdivision (e) of  
14 Section 22664, the annual allowance payable on the  
15 effective date of this section to a retired member, an  
16 option beneficiary, or a surviving spouse receiving an  
17 allowance pursuant to either Section 23805 or 23855 shall  
18 not be less than the amount identified in the following  
19 schedule for the number of years of the member's  
20 credited service under the Defined Benefit Program at  
21 the time of the member's retirement, disability, or death,  
22 excluding service credited pursuant to Sections 22714,  
23 22715, 22717 and 22826, after the application of all  
24 allowances and allowance increases authorized by this  
25 part, including those specified in Sections 24412 and  
26 24415, as those sections read on December 31, 1999,  
27 excluding annuities payable from the accumulated  
28 annuity deposit contributions or the accumulated  
29 tax-sheltered annuity contributions:

30		
31	20 years of credited service .....	\$15,000
32	21 years of credited service .....	\$15,500
33	22 years of credited service .....	\$16,000
34	23 years of credited service .....	\$16,500
35	24 years of credited service .....	\$17,000
36	25 years of credited service .....	\$17,500
37	26 years of credited service .....	\$18,000
38	27 years of credited service .....	\$18,500
39	28 years of credited service .....	\$19,000



1	29 years of credited service .....	\$19,500
2	30 years or more of credited service .....	\$20,000

3

4 (b) Notwithstanding subdivision (a), the amount  
5 identified in the schedule in subdivision (a) shall be  
6 reduced:

7 (1) By 50 percent for a beneficiary receiving an  
8 allowance under Option 3 or Option 7.

9 (2) By one-third for an option beneficiary receiving an  
10 allowance under Option 4 after the death of the member  
11 or for a member receiving an allowance under Option 4  
12 after the death of the option beneficiary.

13 (3) By 50 percent for an option beneficiary receiving  
14 an allowance under Option 5 after the death of the  
15 member or for a member receiving an allowance under  
16 Option 5 after the death of the option beneficiary.

17 (4) By a percentage equal to 100 percent minus the  
18 percentage of the member's modified allowance  
19 received by the option beneficiary for each option  
20 beneficiary receiving an allowance under Option 8.

21 (5) By 60 percent for a surviving spouse receiving an  
22 allowance pursuant to subdivision (a) of Section 23805.

23 (6) By 50 percent for a surviving spouse receiving an  
24 allowance pursuant to subdivision (c) of Section 23805 or  
25 Section 23855.

26 (c) A member to whom a disability allowance is  
27 payable on January 1, 2000, who subsequently receives a  
28 service retirement allowance pursuant to Section 24213  
29 shall, upon the retirement for service, receive an increase  
30 in the service retirement allowance pursuant to this  
31 section.

32 (d) A member, beneficiary, or surviving spouse may  
33 receive an allowance pursuant to this section only if the  
34 member was an active member at the time of the  
35 member's retirement, or death and, for those members  
36 who retired for service, the member retired on or after  
37 age 55, unless the member's allowance was not subject to  
38 a reduction due to retirement prior to an age specified in  
39 this part.



1 (e) A retired member, option beneficiary, or surviving  
2 spouse subject to this section shall receive the annual  
3 minimum allowance pursuant to this section unless the  
4 system receives in writing, on a form prescribed by the  
5 system, notification from the member, option  
6 beneficiary, or surviving spouse before May 1, 2000, of his  
7 or her election not to receive the increase provided under  
8 this section.

9 (f) Benefits payable under this section shall be initially  
10 paid by the system on July 1, 2000.

11 ~~SEC. 18. Section 24415 of the Education Code, as~~  
12 ~~amended by Chapter 74 of the Statutes of 2000, is~~  
13 ~~amended to read:~~

14 ~~24415. (a) The proceeds of the Supplemental Benefit~~  
15 ~~Maintenance Account shall be distributed annually in~~  
16 ~~quarterly supplemental payments commencing on~~  
17 ~~September 1, 1990, to retired members, disabled~~  
18 ~~members, and beneficiaries, as defined in subdivision (a)~~  
19 ~~of Section 22107. The amount available for distribution in~~  
20 ~~any fiscal year shall not exceed the amount necessary to~~  
21 ~~restore purchasing power up to 75 percent of the~~  
22 ~~purchasing power of the initial monthly allowance after~~  
23 ~~the application of all allowance increases authorized by~~  
24 ~~this part, including those specified in Section 24412.~~

25 ~~(b) The net revenues to be distributed shall be~~  
26 ~~allocated among those retired members, disabled~~  
27 ~~members, and beneficiaries, as defined in subdivision (a)~~  
28 ~~of Section 22107, whose allowances, after sequentially~~  
29 ~~applying the annual improvement factor as defined in~~  
30 ~~Sections 22140 and 22141, and the annual supplemental~~  
31 ~~payment as specified in Section 24412, have the lowest~~  
32 ~~purchasing power percentage. The purchasing power~~  
33 ~~calculation for each individual shall be based on the~~  
34 ~~change in the All Urban California Consumer Price Index~~  
35 ~~between June of the calendar year of retirement and June~~  
36 ~~of the fiscal year preceding the fiscal year of distribution.~~  
37 ~~In any year in which the purchasing power of the~~  
38 ~~allowances of all retired members, disabled members,~~  
39 ~~and beneficiaries, as defined in subdivision (a) of Section~~  
40 ~~22107, equals not less than 75 percent and additional funds~~



1 remain from the allocation authorized by this section,  
2 those funds shall remain in the Supplemental Benefit  
3 Maintenance Account for allocation in future years.

4 (e) The allowance increase shall not be applicable to  
5 annuities payable from the accumulated annuity deposit  
6 contributions or the accumulated tax-sheltered annuity  
7 contributions.

8 (d) The increases provided by subdivision (b) are not  
9 cumulative, not part of the base allowance, and will be  
10 payable only to the extent that funds are available from  
11 the Supplemental Benefit Maintenance Account. The  
12 board shall inform each recipient of the contents of this  
13 subdivision.

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

20 (f) Notwithstanding subdivision (b), for purposes of  
21 restoring the purchasing power of benefits provided  
22 pursuant to Section 24410.5 for members and  
23 beneficiaries receiving benefits pursuant to subdivision  
24 (b), the purchasing power calculation shall be based on  
25 75 percent of the change in the All Urban California  
26 Consumer Price Index between January 2000, and June  
27 of the fiscal year preceding the fiscal year of distribution,  
28 after the application of increases authorized by Section  
29 24412 that are made to the allowances provided pursuant  
30 to Section 24410.5.

31 SEC. 19. Section 24417 of the Education Code, as  
32 amended by Chapter 74 of the Statutes of 2000, is  
33 amended to read:

34 24417. (a) The proceeds of an auxiliary  
35 Supplemental Benefit Maintenance Account shall be  
36 distributed annually in quarterly supplemental  
37 payments, commencing when funds in the Supplemental  
38 Benefit Maintenance Account are insufficient to support  
39 75 percent, to retired members, disabled members, and  
40 beneficiaries, as defined in subdivision (a) of Section



1 ~~22107. The amount available for distribution in any fiscal~~  
2 ~~year shall not exceed the amount necessary to restore~~  
3 ~~purchasing power up to 75 percent of the purchasing~~  
4 ~~power of the initial monthly allowance after the~~  
5 ~~application of all allowance increases authorized by this~~  
6 ~~part, including those specified in Sections 24412 and~~  
7 ~~24415.~~

8 ~~(b) The net revenues to be distributed shall be~~  
9 ~~allocated among those retired members, disabled~~  
10 ~~members, and beneficiaries, as defined in subdivision (a)~~  
11 ~~of Section 22107, whose allowances, after sequentially~~  
12 ~~applying the annual improvement factor as defined in~~  
13 ~~Sections 22140 and 22141, and the annual supplemental~~  
14 ~~payment as specified in Sections 24412 and 24415, have~~  
15 ~~the lowest purchasing power percentage. The purchasing~~  
16 ~~power calculation for each individual shall be based on~~  
17 ~~the change in the All Urban California Consumer Price~~  
18 ~~Index between June of the calendar year of the benefit~~  
19 ~~effective date and June of the fiscal year preceding the~~  
20 ~~fiscal year of distribution.~~

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

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

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

38 ~~(f) Notwithstanding subdivision (b), for purposes of~~  
39 ~~restoring the purchasing power of benefits provided~~  
40 ~~pursuant to Section 24410.5 for members and~~



1 ~~beneficiaries receiving benefits pursuant to subdivision~~  
2 ~~(b), the purchasing power calculation shall be based on~~  
3 ~~75 percent of the change in the All Urban California~~  
4 ~~Consumer Price Index between January 2000, and June~~  
5 ~~of the fiscal year preceding the fiscal year of distribution,~~  
6 ~~after the application of increases authorized by Section~~  
7 ~~24412 that are made to the allowances provided pursuant~~  
8 ~~to Section 24410.5.~~

9 ~~SEC. 19.5.—~~

10 *SEC. 36. Section 24415 of the Education Code is*  
11 *amended to read:*

12 24415. (a) The proceeds of the Supplemental Benefit  
13 Maintenance Account shall be distributed annually in  
14 quarterly supplemental payments commencing on  
15 September 1, 1990, to retired members, disabled  
16 members, and beneficiaries. The amount available for  
17 distribution in any fiscal year shall not exceed the amount  
18 necessary to restore purchasing power up to 75 percent  
19 of the purchasing power of the initial monthly allowance  
20 after the application of all allowance increases authorized  
21 by this part, including those specified in Section 24412,  
22 *and excluding those provided pursuant to Section*  
23 *24410.5.*

24 (b) The net revenues to be distributed shall be  
25 allocated among those retired members, disabled  
26 members, and beneficiaries whose allowances, after  
27 sequentially applying the annual improvement factor as  
28 defined in Sections 22140 and 22141, and the annual  
29 supplemental payment as defined in Section 24412, have  
30 the lowest purchasing power percentage. The purchasing  
31 power calculation for each individual shall be based on  
32 the change in the All Urban California Consumer Price  
33 Index between June of the calendar year of retirement  
34 and June of the fiscal year preceding the fiscal year of  
35 distribution. In any year in which the purchasing power  
36 of the allowances of all retired members, disabled  
37 members, and beneficiaries equals not less than 75  
38 percent and additional funds remain from the allocation  
39 authorized by this section, those funds shall remain in the



1 Supplemental Benefit Maintenance Account for  
2 allocation in future years.

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

7 (d) The benefits provided by subdivision (b) are not  
8 cumulative, not part of the base allowance, and will be  
9 payable only to the extent that funds are available from  
10 the Supplemental Benefit Maintenance Account. The  
11 board shall inform each recipient of the contents of this  
12 subdivision.

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

19 *(f) Notwithstanding subdivision (b), for purposes of*  
20 *restoring the purchasing power of benefits provided*  
21 *pursuant to Section 24410.5 for members and*  
22 *beneficiaries receiving benefits pursuant to subdivision*  
23 *(b), the purchasing power calculation shall be based on*  
24 *75 percent of the change in the All Urban California*  
25 *Consumer Price Index between January 2000, and June*  
26 *of the fiscal year preceding the fiscal year of distribution,*  
27 *after the application of increases authorized by Section*  
28 *24412 that are made to the allowances provided pursuant*  
29 *to Section 24410.5.*

30 *SEC. 36.5. Section 24415 of the Education Code is*  
31 *amended to read:*

32 24415. (a) The proceeds of the Supplemental Benefit  
33 Maintenance Account shall be distributed annually in  
34 quarterly supplemental payments commencing on  
35 September 1, 1990, to retired members, disabled  
36 members, and beneficiaries, *as defined in subdivision (a)*  
37 *of Section 22107.* The amount available for distribution in  
38 any fiscal year shall not exceed the amount necessary to  
39 restore purchasing power up to 75 percent of the  
40 purchasing power of the initial monthly allowance after



1 the application of all allowance increases authorized by  
2 this part, including those specified in Section 24412, *and*  
3 *excluding those provided pursuant to Section 24410.5.*

4 (b) The net revenues to be distributed shall be  
5 allocated among those retired members, disabled  
6 members, and beneficiaries, *as defined in subdivision (a)*  
7 *of Section 22107*, whose allowances, after sequentially  
8 applying the annual improvement factor as ~~defined~~  
9 *specified* in Sections 22140 and 22141, and the annual  
10 supplemental payment as defined in Section 24412, have  
11 the lowest purchasing power percentage. The purchasing  
12 power calculation for each individual shall be based on  
13 the change in the All Urban California Consumer Price  
14 Index between June of the calendar year of retirement  
15 and June of the fiscal year preceding the fiscal year of  
16 distribution. In any year in which the purchasing power  
17 of the allowances of all retired members, disabled  
18 members, and beneficiaries, *as defined in subdivision (a)*  
19 *of Section 22107*, equals not less than 75 percent and  
20 additional funds remain from the allocation authorized  
21 by this section, those funds shall remain in the  
22 Supplemental Benefit Maintenance Account for  
23 allocation in future years.

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

28 (d) The ~~benefits~~ *increases* provided by subdivision (b)  
29 are not cumulative, not part of the base allowance, and  
30 will be payable only to the extent that funds are available  
31 from the Supplemental Benefit Maintenance Account.  
32 The board shall inform each recipient of the contents of  
33 this subdivision.

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



1 (f) Notwithstanding subdivision (b), for purposes of  
2 restoring the purchasing power of benefits provided  
3 pursuant to Section 24410.5 for members and  
4 beneficiaries receiving benefits pursuant to subdivision  
5 (b), the purchasing power calculation shall be based on  
6 75 percent of the change in the All Urban California  
7 Consumer Price Index between January 2000, and June  
8 of the fiscal year preceding the fiscal year of distribution,  
9 after the application of increases authorized by Section  
10 24412 that are made to the allowances provided pursuant  
11 to Section 24410.5.

12 SEC. 37. Section 24417 of the Education Code is  
13 amended to read:

14 24417. (a) The proceeds of an auxiliary  
15 Supplemental Benefit Maintenance Account shall be  
16 distributed annually in quarterly supplemental  
17 payments, commencing when funds in the Supplemental  
18 Benefit Maintenance Account are insufficient to support  
19 75 percent, to retired members, disabled members, and  
20 beneficiaries. The amount available for distribution in  
21 any fiscal year shall not exceed the amount necessary to  
22 restore purchasing power up to 75 percent of the  
23 purchasing power of the initial monthly allowance after  
24 the application of all allowance increases authorized by  
25 this part, including those specified in ~~Section~~ Sections  
26 24412 and ~~Section~~ 24415, and excluding those provided  
27 pursuant to Section 24410.5.

28 (b) The net revenues to be distributed shall be  
29 allocated among those retired members, disabled  
30 members, and beneficiaries whose allowances, after  
31 sequentially applying the annual improvement factor as  
32 defined in Sections 22140 and 22141, and the annual  
33 supplemental payment as defined in ~~Section~~ Sections  
34 24412 and ~~Section~~ 24415, have the lowest purchasing  
35 power percentage. The purchasing power calculation for  
36 each individual shall be based on the change in the All  
37 Urban California Consumer Price Index between June of  
38 the calendar year of benefit effective date and June of the  
39 fiscal year preceding the fiscal year of distribution.



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

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

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

18 *(f) Notwithstanding subdivision (b), for purposes of*  
19 *restoring the purchasing power of benefits provided*  
20 *pursuant to Section 24410.5 for members and*  
21 *beneficiaries receiving benefits pursuant to subdivision*  
22 *(b), the purchasing power calculation shall be based on*  
23 *75 percent of the change in the All Urban California*  
24 *Consumer Price Index between January 2000, and June*  
25 *of the fiscal year preceding the fiscal year of distribution,*  
26 *after the application of increases authorized by Section*  
27 *24412 that are made to the allowances provided pursuant*  
28 *to Section 24410.5.*

29 *SEC. 37.5. Section 24417 of the Education Code is*  
30 *amended to read:*

31 24417. (a) The proceeds of an auxiliary  
32 Supplemental Benefit Maintenance Account shall be  
33 distributed annually in quarterly supplemental  
34 payments, commencing when funds in the Supplemental  
35 Benefit Maintenance Account are insufficient to support  
36 75 percent, to retired members, disabled members, and  
37 beneficiaries, *as defined in subdivision (a) of Section*  
38 *22107.* The amount available for distribution in any fiscal  
39 year shall not exceed the amount necessary to restore  
40 purchasing power up to 75 percent of the purchasing



1 power of the initial monthly allowance after the  
2 application of all allowance increases authorized by this  
3 part, including those specified in ~~Section~~ Sections 24412  
4 and ~~Section~~ 24415, and excluding those provided  
5 pursuant to Section 24410.5.

6 (b) The net revenues to be distributed shall be  
7 allocated among those retired members, disabled  
8 members, and beneficiaries, *as defined in subdivision (a)*  
9 *of Section 22107*, whose allowances, after sequentially  
10 applying the annual improvement factor as defined in  
11 Sections 22140 and 22141, and the annual supplemental  
12 payment as ~~defined in Section~~ *specified in Sections* 24412  
13 and ~~Section~~ 24415, have the lowest purchasing power  
14 percentage. The purchasing power calculation for each  
15 individual shall be based on the change in the All Urban  
16 California Consumer Price Index between June of the  
17 calendar year of benefit effective date and June of the  
18 fiscal year preceding the fiscal year of distribution.

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

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

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

36 (f) *Notwithstanding subdivision (b), for purposes of*  
37 *restoring the purchasing power of benefits provided*  
38 *pursuant to Section 24410.5 for members and*  
39 *beneficiaries receiving benefits pursuant to subdivision*  
40 *(b), the purchasing power calculation shall be based on*



1 75 percent of the change in the All Urban California  
2 Consumer Price Index between January 2000, and June  
3 of the fiscal year preceding the fiscal year of distribution,  
4 after the application of increases authorized by Section  
5 24412 that are made to the allowances provided pursuant  
6 to Section 24410.5.

7 SEC. 38. Section 26104 of the Education Code is  
8 amended to read:

9 26104. "Administrative costs" means the costs of  
10 administering the Cash Balance Benefit Program for the  
11 plan year as determined by the board.

12 ~~SEC. 20.—~~

13 SEC. 39. Section 44922 of the Education Code is  
14 amended to read:

15 44922. Notwithstanding any other provision, the  
16 governing board of a school district or a county  
17 superintendent of schools may establish regulations  
18 which allow their certificated employees to reduce their  
19 workload from full-time to part-time duties.

20 The regulations shall include, but shall not be limited  
21 to, the following, if the employees wish to reduce their  
22 workload and maintain retirement benefits pursuant to  
23 Section 22724 of this code or Section 20815 of the  
24 Government Code:

25 (a) The employee shall have reached the age of 55  
26 prior to reduction in workload.

27 (b) The employee shall have been employed full time  
28 in a position requiring certification for at least 10 years of  
29 which the immediately preceding five years were  
30 full-time employment.

31 (c) During the period immediately preceding a  
32 request for a reduction in workload, the employee shall  
33 have been employed full time in a position requiring  
34 certification for a total of at least five years without a  
35 break in service. For purposes of this subdivision,  
36 sabbaticals and other approved leaves of absence shall not  
37 constitute a break in service.

38 (d) The option of part-time employment shall be  
39 exercised at the request of the employee and can be



1 revoked only with the mutual consent of the employer  
2 and the employee.

3 (e) The employee shall be paid a salary which is the  
4 pro rata share of the salary he or she would be earning had  
5 he or she not elected to exercise the option of part-time  
6 employment but shall retain all other rights and benefits  
7 for which he or she makes the payments that would be  
8 required if he or she remained in full-time employment.

9 The employee shall receive health benefits as provided  
10 in Section 53201 of the Government Code in the same  
11 manner as a full-time employee.

12 (f) The minimum part-time employment shall be the  
13 equivalent of one-half of the number of days of service  
14 required by the employee's contract of employment  
15 during his or her final year of service in a full-time  
16 position.

17 (g) This option is limited in prekindergarten through  
18 grade 12 to certificated employees who do not hold  
19 positions with salaries above that of a school principal.

20 (h) The period of this part-time employment shall  
21 include a period of time, as specified in the regulations,  
22 which shall be up to and include five years for employees  
23 subject to Section 20815 of the Government Code or 10  
24 years for employees subject to Section 22724 of this code.

25 (i) The period of part-time employment of employees  
26 subject to Section 20815 of the Government Code shall  
27 not extend beyond the end of the school year during  
28 which the employee reaches his or her 70th birthday. This  
29 subdivision shall not apply to any employee subject to  
30 Section 22724 of this code.

31 ~~SEC. 21.—~~

32 *SEC. 40.* Section 47611 of the Education Code is  
33 amended to read:

34 47611. (a) If a charter school chooses to make the  
35 State Teacher's Retirement Plan available, all employees  
36 of the charter school who perform creditable service shall  
37 be entitled to have that service covered under the plan's  
38 Defined Benefit Program or Cash Balance Benefit  
39 Program, and all provisions of Part 13 (commencing with  
40 Section 22000) and Part 14 (commencing with Section



1 26000) shall apply in the same manner as the provisions  
2 apply to other public schools in the school district that  
3 granted the charter.

4 (b) (1) ~~A~~—*If a charter school offers its employees*  
5 *coverage by the State Teachers' Retirement System or*  
6 *the Public Employees' Retirement System, or both, the*  
7 charter school shall inform all applicants for positions  
8 within that charter school of the retirement system  
9 options for employees of the charter school.

10 (2) The information shall specifically include whether  
11 the charter school makes available to employees  
12 coverage under the State Teachers' Retirement System,  
13 the Public Employees' Retirement System, ~~both systems,~~  
14 ~~or neither system or both systems,~~ and that accepting  
15 employment in the charter school may exclude the  
16 applicant from further coverage in the applicant's  
17 current retirement system, depending on the retirement  
18 options offered by the charter of the charter school.

19 ~~SEC. 22. Notwithstanding Section 17610 of the~~  
20 ~~Government Code, if the Commission on State Mandates~~  
21 ~~determines that this act contains costs mandated by the~~  
22 ~~state, reimbursement to local agencies and school~~  
23 ~~districts for those costs shall be made pursuant to Part 7~~  
24 ~~(commencing with Section 17500) of Division 4 of Title~~  
25 ~~2 of the Government Code. If the statewide cost of the~~  
26 ~~claim for reimbursement does not exceed one million~~  
27 ~~dollars (\$1,000,000), reimbursement shall be made from~~  
28 ~~the State Mandates Claims Fund.~~

29 ~~SEC. 23.—~~

30 *SEC. 41.* Any section of any act enacted by the  
31 Legislature during the 2000 calendar year that takes  
32 effect on or before January 1, 2001, and that amends,  
33 amends and renumbers, adds, repeals and adds, or repeals  
34 a section that is amended, amended and renumbered,  
35 repealed and added, or repealed by this act, shall prevail  
36 over this act, whether that act is enacted prior to, or  
37 subsequent to, the enactment of this act. The repeal, or  
38 repeal and addition, of any article, chapter, part, title, or  
39 division of any code by this act shall not become operative  
40 if any section of any other act that is enacted by the



1 Legislature during the 2000 calendar year and takes effect  
2 on or before January 1, 2001, amends, amends and  
3 rennumbers, adds, repeals and adds, or repeals any section  
4 contained in that article, chapter, part, title, or division.

5 *SEC. 42. (a) Section 41 of this act shall not apply to*  
6 *with respect to Section 23300 of the Education Code, as*  
7 *added by this act.*

8 *(b) Section 28.5 of this bill incorporates provisions in*  
9 *Section 23300 of the Education Code proposed by both*  
10 *this bill and Assembly Bill 1509. It shall only become*  
11 *operative if (1) both bills are enacted and become*  
12 *effective on or before January 1, 2001, and (2) each bill*  
13 *adds Section 23300 to the Education Code, in which case,*  
14 *Section 28 of this bill and Section 50 of Assembly Bill 1509*  
15 *shall not become operative.*

16 *SEC. 43. (a) Section 41 of this act shall not apply to*  
17 *amendments made by this act to Section 24415 of the*  
18 *Education Code.*

19 *(b) Section 36.5 of this bill incorporates amendments*  
20 *to Section 24415 of the Education Code proposed by both*  
21 *this bill and AB 1509. It shall only become operative if (1)*  
22 *both bills are enacted and become effective on or before*  
23 *January 1, 2001, (2) each bill amends Section 24415 of the*  
24 *Education Code, and (3) this bill is enacted after AB 1509,*  
25 *in which case Section 36 of this bill shall not become*  
26 *operative.*

27 *(c) Notwithstanding any other provision of this act, AB*  
28 *429 and SB 1505, or either of them, (1) are enacted and*  
29 *become effective on or before January 1, 2001, and (2)*  
30 *amend Section 24415 of the Education Code, the*  
31 *prevailing amendments to that section made by either or*  
32 *both of those bills shall prevail over the amendments to*  
33 *that section made by this bill, whether those acts, or either*  
34 *of them, are enacted prior to, the enactment of this act.*

35 *SEC. 44. (a) Section 41 of this act shall not apply to*  
36 *amendments made by this act to Section 24417 of the*  
37 *Education Code.*

38 *(b) Section 37.5 of this bill incorporates amendments*  
39 *to Section 24415 of the Education Code proposed by both*  
40 *this bill and AB 1509. It shall only become operative if (1)*



1 *both bills are enacted and become effective on or before*  
2 *January 1, 2000, (2) each bill amends Section 24417 of the*  
3 *Education Code, and (3) this bill is enacted after AB 1509,*  
4 *in which case Section 37 of this bill shall not become*  
5 *operative.*

6 *(c) Notwithstanding any other provision of this act, if*  
7 *AB 429 and SB 1505, or either of them, (1) are enacted and*  
8 *become effective on or before January 1, 2001, and (2)*  
9 *amend Section 24417 of the Education Code, the*  
10 *prevailing amendments to that section made by either of*  
11 *them or both of those bills shall prevail over the*  
12 *amendments to that section made by this bill, whether*  
13 *those acts, or either of them, are enacted prior to, or*  
14 *subsequent to, the enactment of this act.*

