

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

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 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.

(3)

(5) The State Teachers' Retirement Law defines "full time," "member," and "reinstatement" for purposes of calculating retirement benefits, 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, ~~and~~ 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.

(4)

(6) 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 to inform all applicants for employment of the retirement options for employees of the school, as specified, thereby creating a state-mandated local program.

(5)

(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.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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. *Section 22128 of the Education Code is*
8 *amended to read:*



1 22128. “Early retirement” and “early retirement
2 age” mean the age of 55 years, which is the age upon
3 attainment of which the member becomes eligible *under*
4 *the Defined Benefit Program* for a service retirement
5 allowance with reduction because of age and without
6 special qualifications.

7 *SEC. 1.4.* Section 22138.5 of the Education Code is
8 amended to read:

9 22138.5. (a) “Full time” means the days or hours of
10 creditable service the employer requires to be performed
11 by a class of employees in a school year in order to earn
12 the compensation earnable as defined in Section 22115
13 and specified under the terms of a collective bargaining
14 agreement or employment agreement. For the purpose
15 of crediting service under this part, “full time” shall not
16 be less than the minimum standards specified in this
17 section.

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

20 (1) One hundred seventy-five days per year or 1,050
21 hours per year, except as provided in paragraphs (2) and
22 (3).

23 (2) (A) One hundred ninety days per year or 1,520
24 hours per year for all principals and program managers,
25 including advisers, coordinators, consultants, and
26 developers or planners of curricula, instructional
27 materials, or programs, and for administrators, except as
28 provided in subparagraph (B).

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

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

35 (c) The minimum standard for full time in community
36 colleges shall be:

37 (1) One hundred seventy-five days per year or 1,050
38 hours per year, except as provided in paragraphs (2), (3),
39 (4), (5), and (6). Full time shall include time for duties



1 the employer requires to be performed as part of the
2 full-time assignment for a particular class of employees.

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

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

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

12 (5) Five hundred twenty-five instructional hours per
13 school year for all instructors employed on a part-time
14 basis, except instructors specified in paragraph (6). If an
15 instructor receives compensation for office hours
16 pursuant to Article 10 (commencing with Section 87880)
17 of Chapter 3 of Part 51, then the minimum standard
18 established herein shall be increased appropriately by the
19 number of office hours required annually for the class of
20 employees.

21 (6) Eight hundred seventy-five instructional hours per
22 school year for all instructors employed in adult
23 education programs. If an instructor receives
24 compensation for office hours pursuant to Article 10
25 (commencing with Section 87880) of Chapter 3 of Part 51,
26 then the minimum standard established herein shall be
27 increased appropriately by the number of office hours
28 required annually for the class of employees.

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

32 SEC. 2. Section 22141 of the Education Code is
33 amended to read:

34 22141. Notwithstanding Section 22140,
35 "improvement factor" means an increase of 2 percent in
36 benefits provided under Sections 24408 and 24409 for
37 each year commencing on September 1, 1981, and under
38 Section 24410.5 for each year commencing September 1,
39 2002. The factor shall not be compounded nor shall it be
40 applicable to annuities payable from the accumulated



1 annuity deposit contributions or the accumulated
2 tax-sheltered annuity contributions. The Legislature
3 reserves the right to adjust the amount of the
4 improvement factor up or down as the economic
5 conditions dictate. No adjustments of the improvement
6 factor shall reduce the monthly retirement allowance or
7 benefit below that which would be payable to the
8 recipient under this part had this section not been
9 enacted.

10 SEC. 3. Section 22146 of the Education Code is
11 amended to read:

12 22146. "Member" means any person, unless excluded
13 under other provisions of this part, who has performed
14 creditable service as defined in Section 22119.5 and has
15 earned creditable compensation for that service and has
16 not received a refund for that service and, as a result, is
17 subject to the Defined Benefit Program. A member's
18 rights and obligations under this part with respect to the
19 Defined Benefit Program shall be determined by the
20 applicability of subdivision (a), (b), (c), or (d), and
21 subject to any applicable exceptions under other
22 provisions of this part.

23 (a) An active member is a member who is not retired
24 or disabled and who earns creditable compensation
25 during the school year.

26 (b) An inactive member is a member who is not
27 retired or disabled and who has not earned creditable
28 compensation during the school year immediately prior
29 to and the school year during which the member retires
30 for service.

31 (c) A disabled member is a member to whom a
32 disability allowance is payable under Chapter 25
33 (commencing with Section 24001).

34 (d) A retired member is a member who has
35 terminated employment and has retired for service
36 under the provisions of Chapter 27 (commencing with
37 Section 24201), or has retired for disability under the
38 provisions of Chapter 26 (commencing with Section
39 24100) or retired for service or disability under the
40 provisions of Chapter 21 (commencing with Section



1 23400), and to whom a retirement allowance is therefore
2 payable.

3 *SEC. 3.2. Section 22147.5 of the Education Code is*
4 *amended to read:*

5 22147.5. “Nonqualified service” means ~~time during~~
6 ~~which creditable service subject to coverage by the~~
7 ~~Defined Benefit Program is not performed, excluding~~
8 ~~time a member is eligible to purchase as permissive or~~
9 ~~additional service credit pursuant to Chapter 14~~
10 ~~(commencing with Section 22800), Chapter 14.2~~
11 ~~(commencing with Section 22820), and Chapter 14.5~~
12 ~~(commencing with Section 22850) any time during~~
13 ~~which a member did not perform creditable service~~
14 ~~subject to coverage by the plan. Nonqualified service~~
15 ~~shall not include time for which the member is eligible to~~
16 ~~purchase credit pursuant to Chapter 14 (commencing~~
17 ~~with Section 22800), Chapter 14.2 (commencing with~~
18 ~~Section 22820), or Chapter 14.5 (commencing with~~
19 ~~Section 22850).~~

20 *SEC. 3.4. Section 22148 of the Education Code is*
21 *amended to read:*

22 22148. “Normal retirement” and “normal retirement
23 age” mean the age of 60 years, which is the age upon
24 attainment of which the member becomes eligible *under*
25 *the Defined Benefit Program* for a service retirement
26 allowance without reduction because of age and without
27 special qualifications.

28 *SEC. 3.5. Section 22149 of the Education Code is*
29 *amended to read:*

30 22149. “Option beneficiary” means ~~a~~ *the person*
31 *designated by a member to receive* ~~an actuarially~~
32 ~~reduced~~ *a retirement allowance under the Defined*
33 *Benefit Program upon a the member’s death.*

34 *SEC. 3.6. Section 22151 of the Education Code is*
35 *amended to read:*

36 22151. “Overtime” means the aggregate *creditable*
37 *service in excess of one year (1,000) of creditable service*
38 *that is performed* ~~as a member of the Defined Benefit~~
39 ~~Program in excess of the hours of work considered normal~~



1 ~~for employees on a full-time basis by a person in a school~~
2 ~~year.~~

3 *SEC. 3.8. Section 22156 of the Education Code is*
4 *amended to read:*

5 ~~22156. “Plan vesting” means the right of the member~~
6 ~~upon completion of the minimum number of required~~
7 ~~years of credited service provided in the Defined Benefit~~
8 ~~Program to entitle the member or his or her beneficiary~~
9 ~~to a monthly retirement allowance, disability allowance,~~
10 ~~survivor benefit allowance, family allowance, or death~~
11 ~~benefit at a future date, prior to the completion of which~~
12 ~~the member upon resignation from service is entitled~~
13 ~~only to a refund of his or her accumulated retirement~~
14 ~~contributions as provided in this part vesting,” with~~
15 ~~respect to benefits payable under the Defined Benefit~~
16 ~~Program, means the member has met the credited~~
17 ~~service requirement for receipt of a benefit, and has a~~
18 ~~right to receive the benefit at a future date provided all~~
19 ~~other conditions required to receive the benefit are also~~
20 ~~met.~~

21 *SEC. 4. 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. Section 22160 of the Education Code is*
34 *amended to read:*

35 ~~22160. “Provisional vesting” means the right of the~~
36 ~~member upon the completion of the minimum number~~
37 ~~of years of credited service and attainment of the~~
38 ~~minimum specified age after which the member may~~
39 ~~retire at any time and be entitled to receive a monthly~~
40 ~~retirement allowance member has reached the~~



1 *minimum age requirement and has attained the credited*
2 *service required under the Defined Benefit Program for*
3 *eligibility to receive a retirement allowance, and the*
4 *member is entitled to terminate employment and retire*
5 *at any time to receive a retirement allowance.*

6 SEC. 5. Section 22163 of the Education Code is
7 amended to read:

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

12 (a) A service retirement allowance pursuant to
13 Section 24208.

14 (b) A disability retirement allowance pursuant to
15 Section 24117.

16 (c) A disability allowance pursuant to Section 24004,
17 24006, or 24015.

18 (d) A service retirement allowance or disability
19 retirement allowance pursuant to Section 23404.

20 SEC. 5.2. Section 22165 of the Education Code is
21 amended to read:

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

26 SEC. 5.4. 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) ~~upon the signature of~~
32 ~~either or both of its chairperson and vice chairperson or~~
33 ~~the chief executive officer or any employee of the system~~
34 ~~designated by the chief executive officer.~~ *That action*
35 *shall require signatures of either the board chairperson*
36 *and vice chairperson, or the signatures of the board*
37 *chairperson or vice chairperson and the chief executive*
38 *officer or any employee of the system designated by the*
39 *chief executive officer.*



1 (b) Notwithstanding Section 13340 of the
2 Government Code, the board may disburse funds for ~~the~~
3 ~~payment of benefits to members and beneficiaries of the~~
4 ~~Defined Benefit Program as well as to participants and~~
5 ~~beneficiaries of the Cash Balance Benefit Program~~
6 *benefits payable under this part and Part 14*
7 *(commencing with Section 26000), for the payment of*
8 *refunds and for investment transactions* ~~and these funds.~~
9 *Funds for these purposes shall not be required to be*
10 ~~appropriated through~~ *require appropriation by the*
11 *annual Budget Act. Funds*

12 (c) *Funds* for the payment of administrative expenses
13 are not continuously appropriated, and *funds for that*
14 *purpose* shall be appropriated by the annual Budget Act.

15 SEC. 5.6. Section 22402 of the Education Code is
16 amended to read:

17 22402. Earned interest *on plan assets* with respect to
18 the Defined Benefit Program that is not credited to
19 *member accounts maintained pursuant to either this part*
20 ~~or Part 14 (commencing with Section 26000)~~ *under the*
21 *Defined Benefit Program and the plan's other income*
22 with respect to the Defined Benefit Program shall be
23 allocated to provide benefits *payable under this part the*
24 *Defined Benefit Program.*

25 SEC. 6. Section 22500 of the Education Code is
26 amended to read:

27 22500. All persons who were members of the
28 California State Teachers' Retirement System on June 30,
29 1996, are members of the Defined Benefit Program under
30 the plan, in accordance with Section 401(a) of the
31 Internal Revenue Code of 1986, as amended.

32 SEC. 7. Section 22508 of the Education Code is
33 amended to read:

34 22508. (a) A member who becomes employed by the
35 same or a different school district, community college
36 district, or a county superintendent to perform service
37 that requires membership in a different public
38 retirement system, may elect to have that service subject
39 to coverage by the Defined Benefit Program of this plan
40 and excluded from coverage by the other public



1 retirement system. The election shall be made in writing
2 on a form prescribed by this system within 60 days from
3 the date of hire in the position requiring membership in
4 the other public retirement system. If that election is
5 made, the service performed for the employer after the
6 date of hire shall be considered creditable service for
7 purposes of this part.

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

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

26 SEC. 8. Section 22508.5 of the Education Code is
27 amended to read:

28 22508.5. (a) Any person who is a member of the
29 Defined Benefit Program of the State Teachers'
30 Retirement Plan employed by a community college
31 district who subsequently is employed by the Board of
32 Governors of the California Community Colleges to
33 perform duties that are subject to membership in a
34 different public retirement system, shall be excluded
35 from membership in that different system if he or she
36 elects, in writing, and files that election in the office of the
37 State Teachers' Retirement System within 60 days after
38 the person's entry into the new position, to continue as a
39 member of the Defined Benefit Program. Only a person



1 who has achieved plan vesting is eligible to elect to
2 continue as a member of the program.

3 (b) A member of the Public Employees' Retirement
4 System who is employed by the Board of Governors of the
5 California Community Colleges who subsequently is
6 employed by a community college district to perform
7 service that requires membership in the Defined Benefit
8 Program, may elect to have that service subject to
9 coverage by the Public Employees' Retirement System
10 and excluded from coverage under the Defined Benefit
11 Program pursuant to Section 20309 of the Government
12 Code.

13 (c) This section shall apply to changes in employment
14 effective on or after January 1, 1998.

15 *SEC. 8.5. Section 22701 of the Education Code is*
16 *amended to read:*

17 22701. (a) Service performed prior to July 1, 1972,
18 shall be credited according to the provisions of law in
19 effect at the time service was performed.

20 (b) ~~Service~~ *Creditable service* performed on or after
21 July 1, 1972, *and credited under the Defined Benefit*
22 *Program*, shall be credited in the proportion that *the*
23 *member's* creditable compensation ~~earned by the~~
24 ~~member~~ *for that service* bears to the member's
25 compensation earnable.

26 *SEC. 9. Section 22713 of the Education Code is*
27 *amended to read:*

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



1 been entitled to if the member had been employed on a
2 full-time basis.

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

5 (1) The option to reduce the member's workload shall
6 be exercised at the request of the member and can be
7 revoked only with the mutual consent of the employer
8 and the member.

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

14 (3) The member shall not have had a break in service
15 during the five years immediately preceding the
16 reduction in workload. For purposes of this subdivision,
17 sabbaticals and other approved leaves of absence shall not
18 constitute a break in service.

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

21 (5) The reduced workload shall be performed for a
22 period of time, as specified in the regulations, up to and
23 including 10 years. The period of time specified in the
24 regulations shall not exceed 10 years.

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

29 (7) The member shall be paid creditable
30 compensation that is the pro rata share of the creditable
31 compensation the member would have been paid had the
32 member not reduced his or her workload.

33 (c) Prior to the reduction of a member's workload
34 under this section, the employer in conjunction with the
35 administrative staff of the State Teachers' Retirement
36 System and the Public Employees' Retirement System,
37 shall verify the member's eligibility for the reduced
38 workload program.

39 (d) The member shall make contributions to the
40 Teachers' Retirement Fund in the amount that the



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

4 (e) The employer shall contribute to the Teachers'
5 Retirement Fund at a rate adopted by the board as a plan
6 amendment with respect to the Defined Benefit
7 Program an amount based upon the creditable
8 compensation that would have been paid to the member
9 had the member performed creditable service on a
10 full-time basis subject to coverage under the Defined
11 Benefit Program.

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

15 *SEC. 9.2. Section 22900 of the Education Code is*
16 *amended to read:*

17 22900. ~~Acceptance of employment to perform~~
18 ~~creditable service subject to coverage under the Defined~~
19 ~~Benefit Program is consent to have contributions~~
20 ~~deducted from compensation.~~ *By accepting*
21 *employment, a person consents to make contributions*
22 *pursuant to Section 22901 for service and compensation*
23 *credited under this part.*

24 *SEC. 9.4. Section 22951 of the Education Code is*
25 *amended to read:*

26 22951. In addition to any other contributions required
27 by this part, employers shall, on account of liability for
28 benefits pursuant to Section 22717, contribute monthly to
29 the Teachers' Retirement Fund 0.25 percent of the
30 creditable compensation upon which members'
31 contributions *under this part* are based.

32 *SEC. 9.6. Section 22956 of the Education Code is*
33 *amended to read:*

34 22956. Employer and state contributions made to the
35 plan ~~under pursuant to this part are to finance the~~
36 ~~employer obligation for all members of the Defined~~
37 ~~Benefit Program and, therefore, for service credited~~
38 *under the Defined Benefit Program* shall not be credited
39 to the individual member accounts. These contributions
40 shall be held in the reserves of the plan to finance the



1 employers' share of the cost of all benefits payable under
2 the plan with respect to the Defined Benefit Program.
3 Under no circumstances shall *these* employer *and state*
4 contributions be allocated or awarded to individual
5 members, their spouses, or beneficiaries.

6 SEC. 10. Section 23001 of the Education Code is
7 amended to read:

8 23001. Each county superintendent, district
9 superintendent, chancellor of a community college
10 district, or other employing agency that reports directly
11 to the system shall draw requisitions for contributions
12 required by Sections 22901 and 22950 in favor of the State
13 Teachers' Retirement System, and the requisitions, when
14 allowed and signed by the county auditor, shall constitute
15 a warrant against the county treasury. The county
16 superintendent, district superintendent, chancellor of a
17 community college district, or other employing agency
18 thereupon shall forward the warrants to the board in
19 Sacramento. The amounts received shall be deposited
20 immediately in the State Treasury to the Teachers'
21 Retirement Fund.

22 SEC. 11. Section 23008 of the Education Code is
23 amended to read:

24 23008. (a) If more or less than the required
25 contributions specified in this part and Section 44987 are
26 paid to the system based on any payment of creditable
27 compensation to a member, proper adjustments shall be
28 made on a monthly report, by the county superintendent,
29 district superintendent, chancellor of a community
30 college district, or other employing agency who
31 submitted the report, within 60 days after discovery or
32 notification by the system and any refunds shall be made
33 to the member within the same time period by the
34 employing agency.

35 (b) The board may assess penalties for late or
36 improper adjustments pursuant to Section 23006. These
37 penalties shall be no more than the regular interest as
38 defined in Section 22162. The penalty so assessed shall be
39 deemed interest earned in the year in which it was
40 received.



1 (c) If a required report contains erroneous
2 information and the system, acting in good faith,
3 disburses funds from the Teacher's Retirement Fund
4 based on that information, the county superintendent,
5 district superintendent, chancellor of a community
6 college district, or other employing agency who
7 submitted the report shall reimburse the retirement fund
8 in full for the amount of the erroneous disbursement.
9 Reimbursement shall be made immediately upon
10 notification by the system.

11 *SEC. 11.5. Section 23102 of the Education Code is*
12 *amended to read:*

13 23102. Prior to the system paying a refund of
14 accumulated retirement contributions under this part,
15 the employer shall certify that the member's
16 employment has been terminated *unless the*
17 *employment was terminated 12 months or more prior to*
18 *the date the member signed the refund application.*

19 *SEC. 12. Section 23300 of the Education Code is*
20 *amended to read:*

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

38 (b) Except as otherwise stated in this section, the
39 designation of beneficiary, other than an option
40 beneficiary, may be revoked by the party making the



1 designation, and a different beneficiary designated in the
2 same manner as provided in this section.

3 (c) An option beneficiary may designate a death
4 beneficiary who would, upon the death of the option
5 beneficiary, be entitled to receive the option
6 beneficiary's accrued monthly allowance.

7 *SEC. 12.2. Section 23800 of the Education Code is*
8 *amended to read:*

9 23800. (a) This chapter governs the eligibility
10 *provisions*, benefit provisions, allowance computations,
11 and related provisions for the ~~death~~ benefits payable
12 under this part *with respect to the Defined Benefit*
13 *Program* upon the death of eligible members.
14 "Members," as used in this chapter, means all members
15 who were receiving a disability allowance on October 15,
16 1992, and all persons who were members of the plan
17 under this part on October 15, 1992, who were not
18 receiving an allowance and who did not elect, pursuant
19 to Chapter 21.5 (commencing with Section 23700), to be
20 covered under Chapter 23 (commencing with Section
21 23850).

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

25 *SEC. 12.4. Section 23850 of the Education Code is*
26 *amended to read:*

27 23850. This chapter governs the eligibility *provisions*,
28 benefit provisions, allowance computations, and related
29 provisions for the ~~death~~ benefits payable under this part
30 *with respect to the Defined Benefit Program* upon the
31 death of eligible members. "Member," as used in this
32 chapter, means all persons who become members of the
33 plan under this part on or after October 16, 1992, and all
34 persons who were members as of October 15, 1992, who
35 elected, pursuant to Chapter 21.5 (commencing with
36 Section 23700), to be covered under the death benefit
37 provisions of this chapter.

38 *SEC. 13. Section 24201 of the Education Code is*
39 *amended to read:*



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

4 (1) The member has attained the age of 55 years or
5 more and has at least five years of credited service, at least
6 one year of which has been performed subsequent to the
7 most recent refund of accumulated retirement
8 contributions. The five years of credited service may
9 include out-of-state service purchased pursuant to
10 Section 22820. The number of years of credited service
11 performed in California shall not be less than the number
12 of years necessary to determine final compensation
13 pursuant to Section 22134 or 22135, whichever is
14 applicable to the member.

15 (2) The member is credited with service that is not
16 used as a basis for benefits under any other public
17 retirement system, excluding the federal social security
18 system, if the member has attained the age of 55 years or
19 older and retires concurrently under one or more of the
20 retirement systems with which the member has
21 concurrent membership as defined in Section 22115.2.

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

25 SEC. 14. Section 24209 of the Education Code is
26 amended to read:

27 24209. (a) Upon retirement for service following
28 reinstatement, the member shall receive a service
29 retirement allowance equal to the sum of both of the
30 following:

31 (1) An amount equal to the monthly allowance the
32 member was receiving immediately preceding
33 reinstatement, exclusive of any amounts payable
34 pursuant to Section 22714 or 22715, increased by the
35 improvement factor that would have been applied to the
36 allowance if the member had not reinstated.

37 (2) An amount calculated pursuant to Section 24202,
38 24202.5, 24203, 24203.5, or 24206 on service credited
39 subsequent to the most recent reinstatement, the
40 member's age at retirement, and final compensation.



1 (b) If the total amount of credited service, other than
2 that accrued pursuant to Sections 22714, 22715, 22717, and
3 22826, is equal to or greater than 30 years, the amounts
4 identified in paragraphs (1) and (2) of subdivision (a)
5 shall be calculated pursuant to Section 24203.5. The
6 improvement factor required in paragraph (1) of
7 subdivision (a) shall be based on the allowance calculated
8 pursuant to this subdivision.

9 (c) If the total amount of credited service, other than
10 that accrued pursuant to Sections 22714, 22715, 22717, and
11 22826, is equal to or greater than 30 years, upon
12 retirement for service following reinstatement, a
13 member who retired pursuant to Section 24213, and
14 received the terminated disability allowance for the prior
15 retirement, shall receive a service retirement allowance
16 equal to the sum of the following:

17 (1) An amount based on the service credit accrued
18 prior to the effective date of the disability allowance, the
19 member's age at the prior retirement increased by the
20 factor provided in Section 24203.5, and projected final
21 compensation.

22 (2) An amount calculated pursuant to Section 24202,
23 24202.5, 24203.5, or 24206 on service credited subsequent
24 to the reinstatement, the member's age at retirement,
25 and final compensation.

26 (d) This section applies to those members who had
27 previously reinstated and retire for service on or after
28 January 1, 1999.

29 SEC. 15. Section 24211 of the Education Code is
30 amended to read:

31 24211. When a member who has been granted a
32 disability allowance under this part after June 30, 1972,
33 returns to employment subject to coverage under the
34 Defined Benefit Program and performs:

35 (a) Less than three years of creditable service after
36 termination of the disability allowance, the member shall
37 receive a retirement allowance which is the sum of the
38 allowance calculated on service credit accrued after the
39 termination date of the disability allowance, the age of
40 the member on the last day of the month in which the



1 retirement allowance begins to accrue, and final
2 compensation using compensation earnable and
3 projected final compensation, plus the greater of either
4 of the following:

5 (1) A service retirement allowance calculated on
6 service credit accrued as of the effective date of the
7 disability allowance, the age of the member on the last
8 day of the month in which the retirement allowance
9 begins to accrue, and projected final compensation
10 excluding service credited pursuant to Section 22717 or
11 Chapter 14 (commencing with Section 22800) or Chapter
12 14.2 (commencing with Section 22820), to the
13 termination date of the disability allowance.

14 (2) The disability allowance the member was receiving
15 immediately prior to termination of that allowance,
16 excluding children's portions.

17 (b) Three or more years of creditable service after
18 termination of the disability allowance, the member shall
19 receive a retirement allowance that is the greater of the
20 following:

21 (1) A service retirement allowance calculated on all
22 actual and projected service excluding service credited
23 pursuant to Section 22717 or Chapter 14 (commencing
24 with Section 22800) or Chapter 14.2 (commencing with
25 Section 22820), the age of the member on the last day of
26 the month in which the retirement allowance begins to
27 accrue, and final compensation using compensation
28 earnable, or projected final compensation, or a
29 combination of both.

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

33 (c) The allowance shall be increased by an amount
34 based on any service credited pursuant to Section 22714,
35 22715, or 22717 or Chapter 14 (commencing with Section
36 22800) or Chapter 14.2 (commencing with Section 22820)
37 and final compensation using compensation earnable, or
38 projected final compensation, or a combination of both.

39 (d) If the total amount of credited service, other than
40 projected service or service that accrued pursuant to



1 Sections 22714, 22715, 22717, and 22826, is equal to or
2 greater than 30 years, the amounts identified in
3 subdivisions (a) and (b) shall be calculated pursuant to
4 Section 24203.5.

5 SEC. 16. Section 24307 of the Education Code is
6 amended to read:

7 24307. (a) A member who qualifies to apply for
8 retirement under Section 24201 or 24203 may make a
9 preretirement election of an option, as provided in
10 Section 24300 without right of revocation or change after
11 the effective date of retirement, except as provided in
12 this part. The preretirement election of an option shall
13 become effective on the date a properly executed form
14 prescribed by the system is signed, providing the election
15 is received in the system's office in Sacramento within 30
16 days after the date of signature.

17 (b) A member who makes a preretirement election of
18 an Option 2, Option 3, Option 4, Option 5, Option 6, or
19 Option 7 may subsequently make a preretirement
20 election of Option 8. The member may retain the same
21 option and the same option beneficiary as named in the
22 prior preretirement election, as an option under Option
23 8.

24 (c) Upon the member's death prior to the effective
25 date of retirement, the beneficiary who was designated
26 under the option elected and who survives shall receive
27 an allowance calculated under the option, under the
28 assumption that the member retired for service pursuant
29 to Section 24202, 24202.5, 24203, 24203.5, 24206, 24209,
30 24210, 24211, or 24212 on the date of death. The payment
31 of the allowance to the option beneficiary shall be in lieu
32 of the family allowance provided in Section 23804, the
33 payment provided in paragraph (1) of subdivision (a) of
34 Section 23802, the survivor benefit allowance provided in
35 Section 23854, and the payment provided in subdivisions
36 (a) and (b) of Section 23852, except that if the beneficiary
37 dies before all of the member's accumulated retirement
38 contributions are paid, the balance, if any, shall be paid to
39 the estate of the person last receiving or entitled to
40 receive the allowance. The accumulated annuity deposit



1 contributions and the death payment provided in
2 Sections 23801 and 23851 shall be paid to the beneficiary
3 in a lump sum.

4 (d) If the member subsequently retires for service,
5 and the elected option has not been canceled pursuant to
6 Section 24309, a modified service retirement allowance
7 computed under Section 24300 and the option elected
8 shall be paid.

9 (e) The amount of the service retirement allowance
10 prior to applying the option factor shall be calculated as
11 of the earlier of the member's age at death before
12 retirement or age on the last day of the month in which
13 the member requested service retirement be effective.
14 The modification of the service retirement allowance
15 under the option elected shall be based on the ages of the
16 member and the beneficiary designated under the
17 option, as of the date the election was signed.

18 (f) A member who terminates the service retirement
19 allowance pursuant to Section 24208 shall not be eligible
20 to file a preretirement election of an option until one
21 calendar year elapses from the date the allowance is
22 terminated.

23 (g) The system shall inform members who are
24 qualified to make a preretirement election of an option,
25 through the annual statements of account, that the
26 election of an option can be made.

27 (h) This section shall become operative on January 1,
28 2000.

29 SEC. 17. Section 24410.5 of the Education Code is
30 amended to read:

31 24410.5. (a) Notwithstanding any provision of this
32 part, including, but not limited to, subdivision (e) of
33 Section 22664, the annual allowance payable on the
34 effective date of this section to a retired member, an
35 option beneficiary, or a surviving spouse receiving an
36 allowance pursuant to either Section 23805 or 23855 shall
37 not be less than the amount identified in the following
38 schedule for the number of years of the member's
39 credited service under the Defined Benefit Program at
40 the time of the member's retirement, disability, or death,



1 excluding service credited pursuant to Sections 22714,
 2 22715, 22717 and 22826, after the application of all
 3 allowances and allowance increases authorized by this
 4 part, including those specified in Sections 24412 and
 5 24415, as those sections read on December 31, 1999,
 6 excluding annuities payable from the accumulated
 7 annuity deposit contributions or the accumulated
 8 tax-sheltered annuity contributions:

9

| | | |
|----|--|----------|
| 10 | 20 years of credited service | \$15,000 |
| 11 | 21 years of credited service | \$15,500 |
| 12 | 22 years of credited service | \$16,000 |
| 13 | 23 years of credited service | \$16,500 |
| 14 | 24 years of credited service | \$17,000 |
| 15 | 25 years of credited service | \$17,500 |
| 16 | 26 years of credited service | \$18,000 |
| 17 | 27 years of credited service | \$18,500 |
| 18 | 28 years of credited service | \$19,000 |
| 19 | 29 years of credited service | \$19,500 |
| 20 | 30 years or more of credited service | \$20,000 |

21
 22 (b) Notwithstanding subdivision (a), the amount
 23 identified in the schedule in subdivision (a) shall be
 24 reduced:

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

27 (2) By one-third for an option beneficiary receiving an
 28 allowance under Option 4 after the death of the member
 29 or for a member receiving an allowance under Option 4
 30 after the death of the option beneficiary.

31 (3) By 50 percent for an option beneficiary receiving
 32 an allowance under Option 5 after the death of the
 33 member or for a member receiving an allowance under
 34 Option 5 after the death of the option beneficiary.

35 (4) By a percentage equal to 100 percent minus the
 36 percentage of the member's modified allowance
 37 received by the option beneficiary for each option
 38 beneficiary receiving an allowance under Option 8.

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



1 (6) By 50 percent for a surviving spouse receiving an
2 allowance pursuant to subdivision (c) of Section 23805 or
3 Section 23855.

4 (c) A member to whom a disability allowance is
5 payable on January 1, 2000, who subsequently receives a
6 service retirement allowance pursuant to Section 24213
7 shall, upon the retirement for service, receive an increase
8 in the service retirement allowance pursuant to this
9 section.

10 (d) A member, beneficiary, or surviving spouse may
11 receive an allowance pursuant to this section only if the
12 member was an active member at the time of the
13 member's retirement, or death and, for those members
14 who retired for service, the member retired on or after
15 age 55, unless the member's allowance was not subject to
16 a reduction due to retirement prior to an age specified in
17 this part.

18 (e) A retired member, option beneficiary, or surviving
19 spouse subject to this section shall receive the annual
20 minimum allowance pursuant to this section unless the
21 system receives in writing, on a form prescribed by the
22 system, notification from the member, option
23 beneficiary, or surviving spouse before May 1, 2000, of his
24 or her election not to receive the increase provided under
25 this section.

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

28 ~~SEC. 18. Section 24415 of the Education Code is~~
29 ~~amended to read:~~

30 ~~24415. (a) The proceeds of the Supplemental Benefit~~
31 ~~Maintenance Account shall be distributed annually in~~
32 ~~quarterly supplemental payments commencing on~~
33 ~~September 1, 1990, to retired members, disabled~~
34 ~~members, and beneficiaries. The amount available for~~
35 ~~distribution in any fiscal year shall not exceed the amount~~
36 ~~necessary to restore purchasing power up to 75 percent~~
37 ~~of the purchasing power of the initial monthly allowance~~
38 ~~after the application of all allowance increases authorized~~
39 ~~by this part, including those specified in Section 24412;~~



1 and excluding those provided pursuant to Section
2 24410.5.

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

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 benefits provided by subdivision (b) are not
26 cumulative, not 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. The
29 board shall inform each recipient of the contents of this
30 subdivision.

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

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



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

8 ~~SEC. 19. Section 24417 of the Education Code is~~
9 ~~amended to read:~~

10 ~~24417. (a) The proceeds of an auxiliary~~
11 ~~Supplemental Benefit Maintenance Account shall be~~
12 ~~distributed annually in quarterly supplemental~~
13 ~~payments, commencing when funds in the Supplemental~~
14 ~~Benefit Maintenance Account are insufficient to support~~
15 ~~75 percent, to retired members, disabled members, and~~
16 ~~beneficiaries. The amount available for distribution in~~
17 ~~any fiscal year shall not exceed the amount necessary to~~
18 ~~restore purchasing power up to 75 percent of the~~
19 ~~purchasing power of the initial monthly allowance after~~
20 ~~the application of all allowance increases authorized by~~
21 ~~this part, including those specified in Section 24412 and~~
22 ~~Section 24415, and excluding those provided pursuant to~~
23 ~~Section 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 and~~
30 ~~Section 24415, have the lowest purchasing power~~
31 ~~percentage. The purchasing power calculation for each~~
32 ~~individual shall be based on the change in the All Urban~~
33 ~~California Consumer Price Index between June of the~~
34 ~~calendar year of benefit effective date and June of the~~
35 ~~fiscal year preceding the fiscal year of distribution.~~

36 ~~(c) The allowance increase shall not be applicable to~~
37 ~~annuities payable from the accumulated annuity deposit~~
38 ~~contributions or the accumulated tax sheltered annuity~~
39 ~~contributions.~~



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

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

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

25 *SEC. 18. Section 24415 of the Education Code, as*
26 *amended by Chapter 74 of the Statutes of 2000, is*
27 *amended to read:*

28 24415. (a) The proceeds of the Supplemental Benefit
29 Maintenance Account shall be distributed annually in
30 quarterly supplemental payments commencing on
31 September 1, 1990, to retired members, disabled
32 members, and beneficiaries, as defined in subdivision (a)
33 of Section 22107. The amount available for distribution in
34 any fiscal year shall not exceed the amount necessary to
35 restore purchasing power up to 75 percent of the
36 purchasing power of the initial monthly allowance after
37 the application of all allowance increases authorized by
38 this part, including those specified in Section 24412.

39 (b) The net revenues to be distributed shall be
40 allocated among those retired members, disabled



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

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

22 (d) The increases provided by subdivision (b) are not
23 cumulative, not part of the base allowance, and will be
24 payable only to the extent that funds are available from
25 the Supplemental Benefit Maintenance Account. The
26 board shall inform each recipient of the contents of this
27 subdivision.

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

34 (f) *Notwithstanding subdivision (b), for purposes of*
35 *restoring the purchasing power of benefits provided*
36 *pursuant to Section 24410.5 for members and*
37 *beneficiaries receiving benefits pursuant to subdivision*
38 *(b), the purchasing power calculation shall be based on*
39 *75 percent of the change in the All Urban California*
40 *Consumer Price Index between January 2000, and June*



1 of the fiscal year preceding the fiscal year of distribution,
2 after the application of increases authorized by Section
3 24412 that are made to the allowances provided pursuant
4 to Section 24410.5.

5 SEC. 19. Section 24417 of the Education Code, as
6 amended by Chapter 74 of the Statutes of 2000, is
7 amended to read:

8 24417. (a) The proceeds of an auxiliary
9 Supplemental Benefit Maintenance Account shall be
10 distributed annually in quarterly supplemental
11 payments, commencing when funds in the Supplemental
12 Benefit Maintenance Account are insufficient to support
13 75 percent, to retired members, disabled members, and
14 beneficiaries, as defined in subdivision (a) of Section
15 22107. The amount available for distribution in any fiscal
16 year shall not exceed the amount necessary to restore
17 purchasing power up to 75 percent of the purchasing
18 power of the initial monthly allowance after the
19 application of all allowance increases authorized by this
20 part, including those specified in Sections 24412 and
21 24415.

22 (b) The net revenues to be distributed shall be
23 allocated among those retired members, disabled
24 members, and beneficiaries, as defined in subdivision (a)
25 of Section 22107, whose allowances, after sequentially
26 applying the annual improvement factor as defined in
27 Sections 22140 and 22141, and the annual supplemental
28 payment as specified in Sections 24412 and 24415, have
29 the lowest purchasing power percentage. The purchasing
30 power calculation for each individual shall be based on
31 the change in the All Urban California Consumer Price
32 Index between June of the calendar year of the benefit
33 effective date and June of the fiscal year preceding the
34 fiscal year of distribution.

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

39 (d) The increases provided by subdivision (b) are not
40 cumulative, nor part of the base allowance, and will be



1 payable only to the extent that funds are available from
2 the Supplemental Benefit Maintenance Account and the
3 auxiliary Supplemental Benefit Maintenance Account.
4 The board shall inform each recipient of the contents of
5 this subdivision.

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

12 *(f) Notwithstanding subdivision (b), for purposes of*
13 *restoring the purchasing power of benefits provided*
14 *pursuant to Section 24410.5 for members and*
15 *beneficiaries receiving benefits pursuant to subdivision*
16 *(b), the purchasing power calculation shall be based on*
17 *75 percent of the change in the All Urban California*
18 *Consumer Price Index between January 2000, and June*
19 *of the fiscal year preceding the fiscal year of distribution,*
20 *after the application of increases authorized by Section*
21 *24412 that are made to the allowances provided pursuant*
22 *to Section 24410.5.*

23 *SEC. 19.5. Section 26104 of the Education Code is*
24 *amended to read:*

25 26104. “Administrative costs” means the costs of
26 administering the ~~plan~~ *Cash Balance Benefit Program*
27 for the plan year as determined by the board.

28 *SEC. 20. Section 44922 of the Education Code is*
29 *amended to read:*

30 44922. Notwithstanding any other provision, the
31 governing board of a school district or a county
32 superintendent of schools may establish regulations
33 which allow their certificated employees to reduce their
34 workload from full-time to part-time duties.

35 The regulations shall include, but shall not be limited
36 to, the following, if the employees wish to reduce their
37 workload and maintain retirement benefits pursuant to
38 Section 22724 of this code or Section 20815 of the
39 Government Code:



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

3 (b) The employee shall have been employed full time
4 in a position requiring certification for at least 10 years of
5 which the immediately preceding five years were
6 full-time employment.

7 (c) During the period immediately preceding a
8 request for a reduction in workload, the employee shall
9 have been employed full time in a position requiring
10 certification for a total of at least five years without a
11 break in service. For purposes of this subdivision,
12 sabbaticals and other approved leaves of absence shall not
13 constitute a break in service.

14 (d) The option of part-time employment shall be
15 exercised at the request of the employee and can be
16 revoked only with the mutual consent of the employer
17 and the employee.

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

24 The employee shall receive health benefits as provided
25 in Section 53201 of the Government Code in the same
26 manner as a full-time employee.

27 (f) The minimum part-time employment shall be the
28 equivalent of one-half of the number of days of service
29 required by the employee's contract of employment
30 during his or her final year of service in a full-time
31 position.

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

35 (h) The period of this part-time employment shall
36 include a period of time, as specified in the regulations,
37 which shall be up to and include five years for employees
38 subject to Section 20815 of the Government Code or 10
39 years for employees subject to Section 22724 of this code.



1 (i) The period of part-time employment of employees
2 subject to Section 20815 of the Government Code shall
3 not extend beyond the end of the school year during
4 which the employee reaches his or her 70th birthday. This
5 subdivision shall not apply to any employee subject to
6 Section 22724 of this code.

7 SEC. 21. Section 47611 of the Education Code is
8 amended to read:

9 47611. (a) If a charter school chooses to make the
10 State Teacher's Retirement Plan available, all employees
11 of the charter school who perform creditable service shall
12 be entitled to have that service covered under the plan's
13 Defined Benefit Program or Cash Balance Benefit
14 Program, and all provisions of Part 13 (commencing with
15 Section 22000) and Part 14 (commencing with Section
16 26000) shall apply in the same manner as the provisions
17 apply to other public schools in the school district that
18 granted the charter.

19 (b) (1) A charter school shall inform all applicants for
20 positions within that charter school of the retirement
21 system options for employees of the charter school.

22 (2) The information shall specifically include whether
23 the charter school makes available to employees
24 coverage under the State Teachers' Retirement System,
25 the Public Employees' Retirement System, both systems,
26 or neither system, and that accepting employment in the
27 charter school may exclude the applicant from further
28 coverage in the applicant's current retirement system,
29 depending on the retirement options offered by the
30 charter of the charter school.

31 SEC. 22. Notwithstanding Section 17610 of the
32 Government Code, if the Commission on State Mandates
33 determines that this act contains costs mandated by the
34 state, reimbursement to local agencies and school
35 districts for those costs shall be made pursuant to Part 7
36 (commencing with Section 17500) of Division 4 of Title
37 2 of the Government Code. If the statewide cost of the
38 claim for reimbursement does not exceed one million
39 dollars (\$1,000,000), reimbursement shall be made from
40 the State Mandates Claims Fund.



1 SEC. 23. Any section of any act enacted by the
2 Legislature during the 2000 calendar year that takes
3 effect on or before January 1, 2001, and that amends,
4 amends and renumbers, adds, repeals and adds, or repeals
5 a section that is amended, amended and renumbered,
6 repealed and added, or repealed by this act, shall prevail
7 over this act, whether that act is enacted prior to, or
8 subsequent to, the enactment of this act. The repeal, or
9 repeal and addition, of any article, chapter, part, title, or
10 division of any code by this act shall not become operative
11 if any section of any other act that is enacted by the
12 Legislature during the 2000 calendar year and takes effect
13 on or before January 1, 2001, amends, amends and
14 renumbers, adds, repeals and adds, or repeals any section
15 contained in that article, chapter, part, title, or division.

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