

Assembly Bill No. 816

Passed the Assembly August 28, 2000

Chief Clerk of the Assembly

Passed the Senate August 25, 2000

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor



CHAPTER _____

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, 22701, 22713, 22900, 22951, 22956, 23001, 23008, 23102, 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, Committee on Public Employees, Retirement and Social Security. State Teachers' Retirement System.

(1) The 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) The 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) The Teachers' Retirement Law defines 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 Teachers' Retirement Fund.

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

(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.

(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.

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

SECTION 1. Section 22106 of the Education Code is amended to read:

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

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

22128. "Early retirement" and "early retirement age" mean the age of 55 years, which is the age upon attainment of which the member becomes eligible under



the Defined Benefit Program for a service retirement allowance with reduction because of age and without special qualifications.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

22141. Notwithstanding Section 22140, "improvement factor" means an increase of 2 percent in benefits provided under Sections 24408 and 24409 for each year commencing on September 1, 1981, and under Section 24410.5 for each year commencing September 1, 2002. The factor shall not be compounded nor shall it be applicable to annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions. The Legislature



reserves the right to adjust the amount of the improvement factor up or down as the economic conditions dictate. No adjustments of the improvement factor shall reduce the monthly retirement allowance or benefit below that which would be payable to the recipient under this part had this section not been enacted.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

22160. “Provisional vesting” means the member has reached the minimum age requirement and has attained the credited service required under the Defined Benefit Program for eligibility to receive a retirement allowance, and the member is entitled to terminate employment and retire at any time to receive a retirement allowance.

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

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

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

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

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

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

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

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

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



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

(b) Notwithstanding Section 13340 of the Government Code, the board may disburse funds for benefits payable under this part and Part 14 (commencing with Section 26000), for the payment of refunds and for investment transactions. Funds for these purposes shall not require appropriation by the annual Budget Act.

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

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

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

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

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

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

22508. (a) A member who becomes employed by the same or a different school district, community college district, or a county superintendent to perform service that requires membership in a different public



retirement system, may elect to have that service subject to coverage by the Defined Benefit Program of this plan and excluded from coverage by the other public retirement system. The election shall be made in writing on a form prescribed by this system within 60 days from the date of hire in the position requiring membership in the other public retirement system. If that election is made, the service performed for the employer after the date of hire shall be considered creditable service for purposes of this part.

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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



to the member within the same time period by the employing agency.

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

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

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

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

SEC. 27. Section 23300 of the Education Code is repealed.

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

23300. (a) A member of the Defined Benefit Program may at any time designate a beneficiary, or change the designation of a beneficiary, to receive benefits payable under this part, except that no beneficiary designation may be made in derogation of the community property share of any nonmember spouse under this part when any benefit is derived, in whole or in part, from community property contributions or service credited during the period of marriage, unless the nonmember spouse has previously obtained an



alternative order for distribution pursuant to Section 2610 of the Family Code. A designation of beneficiary shall be in writing on a form prescribed by the system, executed by the member, witnessed by two witnesses, neither of whom may be beneficiaries. To be valid the instrument shall be received in the office of the system in Sacramento before the member's death.

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

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

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

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

(b) A member's beneficiary designation for benefits payable under the Defined Benefit Program, including a designation made pursuant to Section 24300, shall also apply to benefits payable under the Defined Benefit Supplement Program. A beneficiary designation shall be in writing on a form prescribed by the system, executed by the member, and witnessed by two witnesses who are not designated as a beneficiary for benefits payable under either the Defined Benefit Program or the Defined Benefit Supplement Program.

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

(2) An amount calculated pursuant to Section 24202, 24202.5, 24203, 24203.5, or 24206 on service credited



subsequent to the most recent reinstatement, the member's age at retirement, and final compensation.

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

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

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

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

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

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

(a) Less than three years of creditable service after termination of the disability allowance, the member shall receive a retirement allowance which is the sum of the allowance calculated on service credit accrued after the termination date of the disability allowance, the age of the member on the last day of the month in which the retirement allowance begins to accrue, and final



compensation using compensation earnable and projected final compensation, plus the greater of either of the following:

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

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

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

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

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

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

(d) If the total amount of credited service, other than projected service or service that accrued pursuant to Sections 22714, 22715, 22717, and 22826, is equal to or



greater than 30 years, the amounts identified in subdivisions (a) and (b) shall be calculated pursuant to Section 24203.5.

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

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

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

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



Sections 23801 and 23851 shall be paid to the beneficiary in a lump sum.

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

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

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

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

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

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

24410.5. (a) Notwithstanding any provision of this part, including, but not limited to, subdivision (e) of Section 22664, the annual allowance payable on the effective date of this section to a retired member, an option beneficiary, or a surviving spouse receiving an allowance pursuant to either Section 23805 or 23855 shall not be less than the amount identified in the following schedule for the number of years of the member's credited service under the Defined Benefit Program at the time of the member's retirement, disability, or death, excluding service credited pursuant to Sections 22714,



22715, 22717 and 22826, after the application of all allowances and allowance increases authorized by this part, including those specified in Sections 24412 and 24415, as those sections read on December 31, 1999, excluding annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions:

20 years of credited service	\$15,000
21 years of credited service	\$15,500
22 years of credited service	\$16,000
23 years of credited service	\$16,500
24 years of credited service	\$17,000
25 years of credited service	\$17,500
26 years of credited service	\$18,000
27 years of credited service	\$18,500
28 years of credited service	\$19,000
29 years of credited service	\$19,500
30 years or more of credited service	\$20,000

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

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

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

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

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

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



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

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

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

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

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

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

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



and excluding those provided pursuant to Section 24410.5.

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

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

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

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

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



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

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

24415. (a) The proceeds of the Supplemental Benefit Maintenance Account shall be distributed annually in quarterly supplemental payments commencing on September 1, 1990, to retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107. The amount available for distribution in any fiscal year shall not exceed the amount necessary to restore purchasing power up to 75 percent of the purchasing power of the initial monthly allowance after the application of all allowance increases authorized by this part, including those specified in Section 24412, and excluding those provided pursuant to Section 24410.5.

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



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

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

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

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

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

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



this part, including those specified in Sections 24412 and 24415, and excluding those provided pursuant to Section 24410.5.

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

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

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

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

(f) Notwithstanding subdivision (b), for purposes of restoring the purchasing power of benefits provided pursuant to Section 24410.5 for members and beneficiaries receiving benefits pursuant to subdivision (b), the purchasing power calculation shall be based on 75 percent of the change in the All Urban California Consumer Price Index between January 2000, and June of the fiscal year preceding the fiscal year of distribution,



after the application of increases authorized by Section 24412 that are made to the allowances provided pursuant to Section 24410.5.

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

24417. (a) The proceeds of an auxiliary Supplemental Benefit Maintenance Account shall be distributed annually in quarterly supplemental payments, commencing when funds in the Supplemental Benefit Maintenance Account are insufficient to support 75 percent, to retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107. The amount available for distribution in any fiscal year shall not exceed the amount necessary to restore purchasing power up to 75 percent of the purchasing power of the initial monthly allowance after the application of all allowance increases authorized by this part, including those specified in Sections 24412 and 24415, and excluding those provided pursuant to Section 24410.5.

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

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

(d) The increases provided by subdivision (b) are not cumulative, nor part of the base allowance, and will be payable only to the extent that funds are available from



the Supplemental Benefit Maintenance Account and the auxiliary Supplemental Benefit Maintenance Account. The board shall inform each recipient of the contents of this subdivision.

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

(i) The period of part-time employment of employees subject to Section 20815 of the Government Code shall not extend beyond the end of the school year during



which the employee reaches his or her 70th birthday. This subdivision shall not apply to any employee subject to Section 22724 of this code.

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

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

(b) (1) If a charter school offers its employees coverage by the State Teachers' Retirement System or the Public Employees' Retirement System, or both, the charter school shall inform all applicants for positions within that charter school of the retirement system options for employees of the charter school.

(2) The information shall specifically include whether the charter school makes available to employees coverage under the State Teachers' Retirement System, the Public Employees' Retirement System, or both systems, and that accepting employment in the charter school may exclude the applicant from further coverage in the applicant's current retirement system, depending on the retirement options offered by the charter of the charter school.

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



if any section of any other act that is enacted by the Legislature during the 2000 calendar year and takes effect on or before January 1, 2001, amends, amends and rennumbers, adds, repeals and adds, or repeals any section contained in that article, chapter, part, title, or division.

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

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

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

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

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

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

(b) Section 37.5 of this bill incorporates amendments to Section 24415 of the Education Code proposed by both



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

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



Approved _____, 2000

Governor

