

AMENDED IN SENATE JUNE 14, 1999
AMENDED IN ASSEMBLY APRIL 13, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 821

**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 22134 and 22136 of the Education Code, and to add Section 20035.5 to the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 821, as amended, Committee on Public Employees, Retirement and Social Security. Retirement.

Existing law provides for the payment of retirement benefits to various school employees under the State Teachers' Retirement System and the Public Employees' Retirement System. Under existing law, the retirement benefits are computed based upon various factors, including the ~~employees~~ *employee's* final compensation. Under existing law, for those school employees, "final compensation" means the highest average annual compensation earnable by a member during any period of 3 consecutive school years.

This bill would change that definition of "final compensation" to, instead, mean the highest average annual

compensation earnable by a member during a consecutive 12-month period of employment, as specified.

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

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

1 SECTION 1. Section 22134 of the Education Code is
2 amended to read:

3 22134. (a) "Final compensation" means the highest
4 average annual compensation earnable by a member
5 during the consecutive 12-month period of employment
6 immediately preceding the effective date of his or her
7 retirement or the date of his or her last separation from
8 service if earlier or during any other period of 12
9 consecutive months while an active member of the
10 Defined Benefit Program or during which he or she was
11 not a member but for which the member has received
12 credit under the Defined Benefit Program, except time
13 that was so credited for service performed outside this
14 state prior to July 1, 1944. The last consecutive 12-month
15 period of employment shall be used by the system in
16 determining final compensation unless designated to the
17 contrary in writing by the member.

18 (b) For purposes of this section, periods of service
19 separated by breaks in service may be aggregated to
20 constitute a period of 12 consecutive months, if the
21 periods of service are consecutive except for the breaks.

22 (c) The determination of final compensation of a
23 member who is also a member of the Public Employees'
24 Retirement System, the Legislators' Retirement System,
25 the University of California Retirement System, county
26 retirement systems established under Chapter 3
27 (commencing with Section 31450) of Part 3 of Division 4
28 of Title 3 of the Government Code, or the San Francisco
29 City and County Employees' Retirement System shall
30 take into consideration the compensation earnable while
31 a member of the other system, provided that all of the
32 following exist:



1 (1) The member was in state service or in the
2 employment of a local school district or of a county
3 superintendent of schools.

4 (2) Service under the other system was not performed
5 concurrently with service under this plan.

6 (3) Retirement under this plan is concurrent with the
7 member's retirement under the other system.

8 (d) The compensation earnable for the first position in
9 which California service is credited shall be used when
10 additional compensation earnable is required to
11 accumulate three consecutive years for the purpose of
12 determining final compensation under Section 23804.

13 (e) The board may specify a different final
14 compensation with respect to allowances based on
15 part-time service performed prior to July 1, 1956, for
16 which credit was given under this plan under board rules
17 in effect prior to that date.

18 (f) The board may specify a different final
19 compensation with respect to disability allowances,
20 disability retirement allowances, family allowances, and
21 children's portions of survivor benefit allowances payable
22 on and after January 1, 1978. The compensation earnable
23 for periods of part-time service shall be adjusted by the
24 ratio that part-time service has to full-time service.

25 (g) The amendment of former Section 22127 made by
26 Chapter 782 of the Statutes of 1982 does not constitute a
27 change in, but is declaratory of, the existing law.

28 SEC. 2. Section 22136 of the Education Code is
29 amended to read:

30 22136. "Final compensation" with respect to a
31 member whose salary while an active member was
32 reduced because of a reduction in school funds means the
33 highest average annual compensation earnable by the
34 member during any 12 months while employed to
35 perform creditable service subject to coverage by the
36 plan if the member elects to be subject to this section.

37 SEC. 3. Section 20035.5 is added to the Government
38 Code, to read:

39 20035.5. Notwithstanding Section 20037, 'final
40 compensation' for the purposes of determining any



1 pension or benefit with respect to a school member *who*
2 *retires or dies on or after January 1, 2000, and with respect*
3 *to benefits based on service with a school employer,*
4 means the highest annual compensation which was
5 earnable by the school member during the consecutive
6 12-month period of employment immediately preceding
7 the effective date of his or her retirement or the date of
8 his or her last separation from service if earlier or during
9 any other period of 12 consecutive months during his or
10 her membership in this system that the member
11 designates on the application for retirement.

12 SEC. 4. The increased costs imposed upon the State
13 Teachers' Retirement System by this act shall be paid
14 from funds in the Teachers' Retirement Fund under
15 existing provisions of law.

