

AMENDED IN SENATE AUGUST 18, 2000

AMENDED IN SENATE AUGUST 7, 2000

AMENDED IN SENATE JUNE 15, 2000

AMENDED IN ASSEMBLY MAY 26, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1933

**Introduced by Assembly Members Strom-Martin and
Shelley**

**(Coauthors: Assembly Members Cardoza, Cedillo,
Lempert, and *Mazzoni*)
(Coauthor: Senator Karnette)**

February 15, 2000

An act to add Sections 22334, 24203.6, 24205.5, and 87489 to the Education Code, relating to the State Teachers' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

AB 1933, as amended, Strom-Martin. State Teachers' Retirement System: benefits.

The State Teachers' Retirement Law provides that members with 30 or more years of credited service receive increases in their retirement allowance.

This bill would provide additional increases for members with 29 or more and 31 or more years of credited service who retire on and after January 1, 2001.

Under the ~~State~~ Teachers' Retirement Law, service retirement allowances for members, age 60 or over, are calculated based on years of credited service and specified percentages, up to 2.4%, of the member's final compensation, as defined. Existing law prescribes reduced allowances, as specified, for members who retire prior to age 60.

This bill would provide that, if agreed to by the employer and employee representatives *and funded by the employer, as specified*, the service retirement allowance of any member, age 55 or older, shall be based on ~~2.4%~~ *an agreed percentage, up to 2.5%*, of the member's final compensation if the sum of the member's age and years of credited service equals or exceeds 85.

The bill would also require the Teachers' Retirement Board to conduct a study on the feasibility of basing pensions on years of service and final compensation with no age factor, except minimum retirement age, and to report its findings to the Legislature on or before July 1, 2001.

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. This act shall be known and may be cited
2 as the Career Teacher Incentive Act of 2000.

3 SEC. 2. Section 22334 is added to the Education Code,
4 to read:

5 22334. (a) The board shall conduct a study and
6 prepare a report on the feasibility of basing pensions for
7 its members on years of service and final compensation
8 with no age factor, except for minimum retirement age.
9 The study shall consider the effects of making this change
10 within the system's existing fiscal resources, including any
11 surplus, applying these changes prospectively to new
12 members, and identifying how these changes would
13 affect members.

14 (b) The board shall submit a written report with its
15 findings to the Legislature on or before July 1, 2001.

16 SEC. 3. Section 24203.6 is added to the Education
17 Code, to read:



1 24203.6. In addition to the increase prescribed by
2 Section 24203.5, the percentage of final compensation
3 used to compute the allowance pursuant to Section
4 24202.5 or 24203 of a member retiring on or after January
5 1, 2001, who has 29 or more years of credited service,
6 excluding service credited pursuant to Section 22714,
7 22715, 22717, or 22826, shall be increased by one-tenth of
8 1 percentage point, and the percentage of final
9 compensation used to compute the allowance pursuant to
10 Section 24202.5 or 24203 of a member retiring on or after
11 January 1, 2001, who has 31 or more years of credited
12 service, shall be further increased by another one-tenth
13 of 1 percentage point provided that the sum of the
14 percentage of final compensation used to compute the
15 allowance in Section 24202.5 or 24203, including any
16 adjustments for retiring before the normal retirement
17 age, and the additional percentages provided by this
18 section and Section 24203.5 does not exceed 2.50 percent.
19 For purposes of establishing eligibility for the increased
20 allowance pursuant to this section only, credited service
21 shall include credited service that a court has ordered to
22 be awarded to a nonmember spouse pursuant to Section
23 22652. A nonmember spouse shall also be eligible for the
24 increased allowance pursuant to this section if the
25 member has 30 or more years of credited service on the
26 date the parties separated, as established in the judgment
27 or court order pursuant to Section 22652.

28 SEC. 4. Section 24205.5 is added to the Education
29 Code, to read:

30 24205.5. (a) ~~Notwithstanding any other provision of~~
31 ~~this part, any member who is age 55 years or older may~~
32 ~~retire on or after January 1, 2001, and receive an annual~~
33 ~~allowance equal to 2.4 percent of final compensation for~~
34 ~~each year of credited service, if the sum of the member's~~
35 ~~age in years and fractions thereof and the years and~~
36 ~~fractions thereof of the member's credited service equals~~
37 ~~or exceeds 85.~~

38 (b) ~~The benefits made available pursuant to this~~
39 ~~section shall be available to all members employed by the~~
40 ~~school district, community college district, county~~



1 superintendent of schools, or state education agency who
2 meet the conditions set forth in this section.

3 (e) Nothing in this section shall be deemed to limit the
4 benefits to which a member may be entitled under
5 Sections 24203.5 and 24203.6.

6 (d) This section shall not apply to a school district,
7 community college district, county superintendent of
8 schools, or state education agency nor its employees until
9 it is agreed to in a written memorandum of
10 understanding entered into by the employer and
11 representatives of employees. *this part, any member who*
12 *is employed by a school district, community college*
13 *district, county superintendent of schools, or state*
14 *education agency and who retires on or after January 1,*
15 *2001, shall receive a retirement allowance calculated*
16 *pursuant to subdivision (b), if all of the following*
17 *conditions are satisfied:*

18 (1) *The school district, community college district, or*
19 *county superintendent of schools has, pursuant to*
20 *Chapter 10.7 (commencing with Section 3540) of*
21 *Division 4 of Title 1 of the Government Code, or, in the*
22 *case of a member employed by a state education agency,*
23 *the Department of Personnel Administration has,*
24 *pursuant to Chapter 10.3 (commencing with Section*
25 *3512) of Division 4 of Title 1 of the Government Code,*
26 *entered into a written agreement with an exclusive*
27 *representative that makes this section applicable to all of*
28 *its represented members, in which case this section shall*
29 *apply to any member employed by the employer who*
30 *retires during the period of time the written agreement*
31 *with the exclusive representative is in effect.*

32 (2) *The member is 55 years of age or any older age*
33 *specified by the written agreement and the total of the*
34 *member's age in years and fractions thereof and the*
35 *member's credited service in years and fractions thereof*
36 *equals or exceeds 85.*

37 (3) *The employer has transmitted to the retirement*
38 *fund, in a manner and time period acceptable to the*
39 *board, (A) an amount determined by the board that*
40 *equals the actuarial equivalent of the difference between*



1 the allowance the member shall receive pursuant to this
2 section and the allowance the member would have
3 received pursuant to Sections 24202.5 and 24203.5 and (B)
4 an amount determined by the board that equals the
5 actuarial equivalent of the difference between the
6 purchasing power protection supplemental payment the
7 member shall receive based on the member's allowance
8 calculated pursuant to this section and the purchasing
9 power protection supplemental payment the member
10 would have received based on the member's allowance
11 calculated pursuant to Sections 24202.5 and 24203.5. The
12 payment for the purchasing power protection
13 supplemental payment shall be deposited in the
14 Supplemental Benefit Maintenance Account established
15 by Section 22400 and shall be subject to Sections 24414 and
16 24415.

17 (4) The employer has transmitted to the retirement
18 fund the administrative costs incurred by the system to
19 implement this section, as determined by the board.

20 (b) The retirement allowance payable pursuant to this
21 section shall be equal to a percentage, between 2 and 2.5
22 percent, of final compensation per year of credited
23 service. The applicable percentage shall be specified in
24 the written agreement and applied equally to all
25 members employed by the school district, community
26 college district, county superintendent of schools, or state
27 education agency who meet the conditions set forth in
28 subdivision (a).

29 (c) The benefits made available pursuant to this
30 section shall be available to all members employed by the
31 school district, community college district, county
32 superintendent of schools, or state education agency who
33 meet the conditions set forth in subdivision (a).

34 SEC. 5. Section 87489 is added to the Education Code,
35 to read:

36 ~~87489. (a) The annual service retirement allowance~~
37 ~~for any member employed by the district age 55 years or~~
38 ~~older who retires under the State Teachers' Retirement~~
39 ~~System on or after January 1, 2001, shall be calculated~~
40 ~~pursuant to Section 24205.5 if the sum of the member's~~



1 ~~age in years and fractions thereof and the years and~~
2 ~~fractions thereof of the member's credited service equals~~
3 ~~or exceeds 85.~~

4 ~~(b) The benefits made available pursuant to this~~
5 ~~section shall be available to all members employed by the~~
6 ~~community college district who meet the conditions set~~
7 ~~forth in this section.~~

8 ~~(c) This section shall not apply to a community college~~
9 ~~district nor its employees until it is agreed to in a written~~
10 ~~memorandum of understanding entered into by the~~
11 ~~employer and representatives of employees.~~

12 87489. *(a) Notwithstanding any other provision of*
13 *law, any member of the Defined Benefit Program of the*
14 *State Teachers' Retirement System who is employed by*
15 *a community college district or state education agency*
16 *and who retires on or after January 1, 2001, shall receive*
17 *a retirement allowance calculated pursuant to*
18 *subdivision (b), if all of the following conditions are*
19 *satisfied:*

20 *(1) The community college district has, pursuant to*
21 *Chapter 10.7 (commencing with Section 3540) of*
22 *Division 4 of Title 1 of the Government Code, or, in the*
23 *case of a member employed by a state education agency,*
24 *the Department of Personnel Administration has,*
25 *pursuant to Chapter 10.3 (commencing with Section*
26 *3512) of Division 4 of Title 1 of the Government Code,*
27 *entered into a written agreement with an exclusive*
28 *representative that makes this section applicable to all of*
29 *its represented members, in which case this section shall*
30 *apply to any member employed by the employer who*
31 *retires during the period of time the written agreement*
32 *with the exclusive representative is in effect.*

33 *(2) The member is 55 years of age or any older age*
34 *specified by the written agreement and the total of the*
35 *member's age in years and fractions thereof and the*
36 *member's credited service in years and fractions thereof*
37 *equals or exceeds 85.*

38 *(3) The employer has transmitted to the Teachers'*
39 *Retirement Fund, in a manner and time period*
40 *acceptable to the Teachers' Retirement Board, (A) an*



1 amount determined by the board that equals the
2 actuarial equivalent of the difference between the
3 allowance the member shall receive pursuant to this
4 section and the allowance the member would have
5 received pursuant to Sections 24202.5 and 24203.5 and (B)
6 an amount determined by the board that equals the
7 actuarial equivalent of the difference between the
8 purchasing power protection supplemental payment the
9 member shall receive based on the member's allowance
10 calculated pursuant to this section and the purchasing
11 power protection supplemental payment the member
12 would have received based on the member's allowance
13 calculated pursuant to Sections 24202.5 and 24203.5. The
14 payment for the purchasing power protection
15 supplemental payment shall be deposited in the
16 Supplemental Benefit Maintenance Account established
17 by Section 22400 and shall be subject to Sections 24414 and
18 24415.

19 (4) The employer has transmitted to the Teachers'
20 Retirement Fund the administrative costs incurred by
21 the system to implement this section, as determined by
22 the Teachers' Retirement Board.

23 (b) The retirement allowance payable pursuant to this
24 section shall be equal to a percentage, between 2 and 2.5
25 percent, of final compensation per year of credited
26 service. The applicable percentage shall be specified in
27 the written agreement and applied equally to all
28 members employed by the community college district or
29 state education agency who meet the conditions set forth
30 in subdivision (a).

31 (c) The benefits made available pursuant to this
32 section shall be available to all members employed by the
33 community college district or state education agency who
34 meet the conditions set forth in subdivision (a).

