

**Introduced by Senator Baca**

December 7, 1998

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An act to add Sections 24205.5, 44928.5, and 87489 to the Education Code, relating to the State Teachers' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

SB 39, as introduced, Baca. State Teachers' Retirement System.

The existing State Teachers' Retirement Law provides various service retirement plans under the State Teachers' Retirement System and provides that, in certain plans, the retirement allowance of members retiring prior to age 60 years shall be reduced pursuant to specified schedules.

This bill would add an additional, optional, so-called Rule of 85 service retirement plan that would authorize service retirement for a member age 55 years or any older age specified by the governing board, who retires on or after July 1, 2000, with a minimum of 5 years of credited service, without any allowance reduction, subject to specified conditions, including if the total of the member's age and credited service is at least 85, and if retirement occurs within specified periods. The plan would be optional to each employer, would be applicable to all qualified employees, and would be effective only if the employer, by formal action, makes specified determinations and transmits the actuarial equivalent amount of money and the State Teachers Retirement System's related administrative costs to the State Teachers Retirement System.

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 24205.5 is added to the  
2 Education Code, to read:  
3 24205.5. (a) Notwithstanding any other provision of  
4 this part, whenever the governing board of a school  
5 district or a community college district or a county  
6 superintendent of schools, by formal action, determines  
7 pursuant to Section 44928.5 or 87489 that, because of  
8 impending curtailment of services, or changes in the  
9 manner of performing services, the best interests of the  
10 district or county superintendent of schools would be  
11 served by encouraging the retirement of certificated  
12 employees or academic employees and that the  
13 retirement will result in a net savings to the district or  
14 county superintendent of schools or result in the  
15 retention of certificated employees or academic  
16 employees, who are credentialed to teach in teacher  
17 shortage disciplines, including, but not limited to,  
18 mathematics and science, any member who is age 55  
19 years or any older age specified by the governing board  
20 and who is employed by that school district, community  
21 college district, or county superintendent of schools may  
22 retire on or after July 1, 2000, and the retirement  
23 allowance shall not be reduced for service retirement at  
24 less than normal retirement age, if all of the following  
25 conditions exist:  
26 (1) The total of the member's age in years and  
27 fractions thereof and the years and fractions thereof of  
28 the member's credited service equals or exceeds 85.  
29 (2) The member is credited with five or more years of  
30 service and retires during a period not more than 120 days  
31 or less than 60 days, commencing no sooner than the  
32 effective date of the formal action of the employer, that  
33 shall specify the period.  
34 (3) The employer transmits to the retirement fund an  
35 amount determined by the Teachers' Retirement Board



1 that equals the actuarial equivalent of the difference  
2 between the allowance the member receives pursuant to  
3 this section and the amount the member would have  
4 received pursuant to Section 24202 and an amount  
5 determined by the Teachers' Retirement Board that  
6 equals the actuarial equivalent of the difference between  
7 the purchasing power protection supplemental payment  
8 the member receives after receipt of the allowance  
9 increase pursuant to this section and the purchasing  
10 power protection supplemental payment the member  
11 would have received without the allowance increase  
12 pursuant to this section. The payment for purchasing  
13 power shall be deposited in the Supplemental Benefit  
14 Maintenance Account established by Section 22400 and  
15 shall be subject to Sections 24414 and 24415. The transfer  
16 to the retirement fund shall be made in a manner and  
17 time period acceptable to the Teachers' Retirement  
18 Board.

19 (4) The employer transmits to the retirement fund the  
20 administrative costs incurred by the system in  
21 implementing this section, as determined by the  
22 Teachers' Retirement Board.

23 (5) The employer has considered the availability of  
24 teachers to fill the positions that would be vacated  
25 pursuant to this section.

26 (6) The community college district, school district, or  
27 county superintendent of schools has certified to the  
28 Teachers' Retirement Board, prior to the formal action  
29 becoming effective in the district or the office of the  
30 county superintendent of schools, that the net effect of  
31 the formal action will result in no costs to the State  
32 Teachers' Retirement System, the district, the county  
33 superintendent of schools, or the General Fund.

34 (7) The school district shall demonstrate and certify to  
35 the county superintendent that the action would result in  
36 either a net savings to the school district or a retention of  
37 certificated employees who are credentialed to teach in  
38 teacher shortage disciplines. The county superintendent  
39 shall certify to the board, in a manner acceptable to the  
40 board, that projected savings or the retention of



1 certificated employees as specified can be demonstrated.  
2 Any person who willfully submits a certification in a  
3 manner inconsistent with this section may be subject to  
4 prosecution for fraud, theft, or embezzlement under the  
5 Penal Code. The school district shall reimburse the  
6 county superintendent for the costs resulting from the  
7 certification. The county superintendent of schools may  
8 audit, pursuant to Section 42127.6, any school district that  
9 has had a budget disapproval at the beginning of the  
10 budget year or that has received a negative certification  
11 under the budget process.

12 (8) The county offices of education shall demonstrate  
13 and certify to the Superintendent of Public Instruction  
14 that the action would result in either a net savings to the  
15 county office or a retention of certificated employees who  
16 are credentialed to teach in teacher shortage disciplines.  
17 The Superintendent of Public Instruction shall certify to  
18 the board, in a manner acceptable to the board, that  
19 projected savings or the retention of certificated  
20 employees as specified can be demonstrated. Any person  
21 who willfully submits a certification in a manner  
22 inconsistent with this section may be subject to  
23 prosecution for fraud, theft, or embezzlement under the  
24 Penal Code.

25 (9) The community college district shall demonstrate  
26 and certify to the chancellor's office that the action would  
27 result in either a net savings to the community college  
28 district or a retention of academic employees who are  
29 credentialed to teach in teacher shortage disciplines. The  
30 chancellor shall certify to the board, in a manner  
31 acceptable to the board, that projected savings or the  
32 retention of academic employees as specified can be  
33 demonstrated. Any person who willfully submits a  
34 certification in a manner inconsistent with this section  
35 may be subject to prosecution for fraud, theft, or  
36 embezzlement under the Penal Code. The county  
37 superintendent of schools may audit, pursuant to Section  
38 84040, any community college district that has had a  
39 budget disapproval at the beginning of the budget year



1 or that has received a negative certification under the  
2 budget process.

3 (b) The benefits made available pursuant to this  
4 section shall be available to all members employed by the  
5 school district, community college district, or county  
6 superintendent of schools who meet the conditions set  
7 forth in this section.

8 SEC. 2. Section 44928.5 is added to the Education  
9 Code, to read:

10 44928.5. (a) Whenever the governing board of a  
11 school district or a county superintendent of schools, by  
12 formal action, determines that, because of impending  
13 curtailment of services, or changes in the manner of  
14 performing services, the best interests of the district or  
15 county superintendent of schools would be served by  
16 encouraging the retirement of certificated employees  
17 and that the retirement will result in a net savings to the  
18 district or county superintendent of schools or result in  
19 the retention of certificated employees who are  
20 credentialed to teach in teacher shortage disciplines,  
21 including, but not limited to, mathematics and science,  
22 the annual service retirement allowance of any member  
23 employed by the district or the county superintendent of  
24 schools who is age 55 years or any older age specified by  
25 the governing board and who retires on or after July 1,  
26 2000, shall not be reduced pursuant to Chapter 27  
27 (commencing with Section 24201) of Part 13 for  
28 retirement at an age under 60 years, if all of the following  
29 conditions exist:

30 (1) The total of the member's age in years and  
31 fractions thereof and the years and fractions thereof of  
32 the member's credited service equals or exceeds 85.

33 (2) The member is credited with five or more years of  
34 service under the State Teachers' Retirement System and  
35 retires under the State Teachers' Retirement System  
36 during a period not more than 120 days or less than 60  
37 days, commencing no sooner than the effective date of  
38 the formal action of the district or county superintendent  
39 of schools, that shall specify the period.



1 (3) The district or county superintendent of schools  
2 transmits to the retirement fund an amount determined  
3 by the Teachers' Retirement Board that equals the  
4 actuarial equivalent of the difference between the  
5 allowance the member receives pursuant to Section  
6 24205.5 and the amount the member would have  
7 received pursuant to Section 24202 and an amount  
8 determined by the Teachers' Retirement Board that  
9 equals the actuarial equivalent of the difference between  
10 the purchasing power protection supplemental payment  
11 the member receives after receipt of the allowance  
12 increase pursuant to this section and the purchasing  
13 power protection supplemental payment the member  
14 would have received without the allowance increase  
15 pursuant to this section. The payment for purchasing  
16 power shall be deposited in the Supplemental Benefit  
17 Maintenance Account established by Section 22400 and  
18 shall be subject to Sections 24414 and 24415. The transfer  
19 to the retirement fund shall be made in a manner and  
20 time period acceptable to the Teachers' Retirement  
21 Board.

22 (4) The district or county superintendent of schools  
23 transmits to the retirement fund the administrative costs  
24 incurred by the State Teachers' Retirement System in  
25 implementing Section 24205.5, as determined by the  
26 Teachers' Retirement Board.

27 (5) The governing board of the district or county  
28 superintendent of schools has considered the availability  
29 of teachers to fill the positions that would be vacated  
30 pursuant to this section.

31 (6) The district or county superintendent of schools  
32 has certified to the Teachers' Retirement Board, prior to  
33 the formal action becoming effective in a school district  
34 or the office of the county superintendent of schools, that  
35 the net effect of the formal action will result in no costs  
36 to the State Teachers' Retirement System, the school  
37 district, the county superintendent of schools, or the  
38 General Fund.

39 (7) The school district shall demonstrate and certify to  
40 the county superintendent that the action would result in



1 either a net savings to the school district or a retention of  
2 certificated employees who are credentialed to teach in  
3 teacher shortage disciplines. The county superintendent  
4 shall certify to the Teachers' Retirement Board, in a  
5 manner acceptable to the board, that projected savings or  
6 the retention of certificated employees as specified can or  
7 cannot be demonstrated. Any person who willfully  
8 submits a certification in a manner inconsistent with this  
9 section may be subject to prosecution for fraud, theft, or  
10 embezzlement under the Penal Code. The school district  
11 shall reimburse the county superintendent for the costs  
12 resulting from the certification. The county  
13 superintendent of schools may audit, pursuant to Section  
14 42127.6, any school district that has had a budget  
15 disapproval at the beginning of the budget year or that  
16 has received a negative certification under the budget  
17 process.

18 (8) The county office of education shall demonstrate  
19 and certify to the Superintendent of Public Instruction  
20 that the action would result in either a net savings to the  
21 county office or a retention of certificated employees who  
22 are credentialed to teach in teacher shortage disciplines.  
23 The Superintendent of Public Instruction shall certify to  
24 the Teachers' Retirement Board, in a manner acceptable  
25 to the board, the projected savings or the retention of  
26 certificated employees as specified can be demonstrated.  
27 Any person who willfully submits a certification in a  
28 manner inconsistent with this section may be subject to  
29 prosecution for fraud, theft, or embezzlement under the  
30 Penal Code.

31 (b) The benefits made available pursuant to this  
32 section shall be available to all members employed by the  
33 school district or county superintendent of schools who  
34 meet the conditions set forth in this section.

35 SEC. 3. Section 87489 is added to the Education Code,  
36 to read:

37 87489. (a) Whenever the governing board of a  
38 community college district, by formal action, determines  
39 that, because of impending curtailment of services, or  
40 changes in the manner of performing services, the best



1 interests of the district would be served by encouraging  
2 the retirement of academic employees and that the  
3 retirement will result in a net savings to the district or  
4 result in the retention of academic employees who are  
5 credentialed to teach in teacher shortage disciplines,  
6 including, but not limited to, mathematics and science,  
7 the annual service retirement allowance of any member  
8 employed by the district age 55 years or any older age  
9 specified by the governing board and who retires under  
10 the State Teachers' Retirement System on or after July 1,  
11 2000, shall not be reduced pursuant to Chapter 27  
12 (commencing with Section 24201) of Part 13 for  
13 retirement at an age under 60 years, if all of the following  
14 conditions exist:

15 (1) The total of the member's age in years and  
16 fractions thereof and the years and fractions thereof of  
17 the member's credited service equals or exceeds 85.

18 (2) The member is credited with five or more years of  
19 service under the State Teachers' Retirement System and  
20 retires under the State Teachers' Retirement System  
21 during a period of not more than 120 days or less than 60  
22 days, commencing no sooner than the effective date of  
23 the formal action of the district, that shall specify the  
24 period.

25 (3) The governing board transmits to the retirement  
26 fund an amount determined by the Teachers' Retirement  
27 Board that equals the actuarial equivalent of the  
28 difference between the allowance the member receives  
29 pursuant to Section 24205.5 and the amount the member  
30 would have received pursuant to Section 24202 and an  
31 amount determined by the Teachers' Retirement Board  
32 that equals the actuarial equivalent of the difference  
33 between the purchasing power protection supplemental  
34 payment the member receives after receipt of the  
35 allowance increase pursuant to this section and the  
36 purchasing power protection supplemental payment the  
37 member would have received without the allowance  
38 increase pursuant to this section. The payment for  
39 purchasing power shall be deposited in the Supplemental  
40 Benefit Maintenance Account established by Section



1 22400 and shall be subject to Sections 24414 and 24415. The  
2 transfer to the retirement fund shall be made in a manner  
3 and time period acceptable to the Teachers' Retirement  
4 Board.

5 (4) The governing board transmits to the retirement  
6 fund the administrative costs incurred by the system in  
7 implementing Section 24205.5, as determined by the  
8 Teachers' Retirement Board.

9 (5) The governing board of the community college  
10 district has considered the availability of teachers to fill  
11 the positions that would be vacated pursuant to this  
12 section.

13 (6) The community college district has certified to the  
14 Teachers' Retirement Board prior to the formal action  
15 becoming effective in the community college district that  
16 the net effect of the formal action will result in no costs  
17 to the State Teachers' Retirement System, the district, or  
18 the General Fund.

19 (7) The community college district shall demonstrate  
20 and certify to the chancellor's office that the action would  
21 result in either a net savings to the community college  
22 district or a retention of academic employees who are  
23 credentialed to teach in teacher shortage disciplines. The  
24 chancellor shall certify to the Teachers' Retirement  
25 Board, in a manner acceptable to the board, that  
26 projected savings or the retention of academic employees  
27 as specified can or cannot be demonstrated. Any person  
28 who willfully submits a certification in a manner  
29 inconsistent with this section may be subject to  
30 prosecution for fraud, theft, or embezzlement under the  
31 Penal Code. The county superintendent of schools may  
32 audit, pursuant to Section 84040, any community college  
33 district that has had a budget disapproval at the  
34 beginning of the budget year or that has received a  
35 negative certification under the budget process.

36 (b) The benefits made available pursuant to this  
37 section shall be available to all members employed by the



- 1 community college district who meet the conditions set
- 2 forth in this section.

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