

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Executive Order N-3-22

Employer Advisory
Committee Meeting
February 2, 2022



Executive Order N-3-22

Provision 1 states:

1. The temporary flexibilities authorized through this Order shall apply to a school district, county office of education, or charter school only if the school district superintendent, county superintendent of schools, or charter school leader, or such officials' designee, makes a written finding, which shall be signed by the official or designee and retained and made available to any member of the public upon request, that temporary staffing flexibility will support the school district, county office of education, or charter school in maintaining in-person services for students despite staffing shortages caused by the Omicron-driven rise in COVID-19 cases.

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- Provision 1, broken down:
 - Identifies the audience for this Executive Order as K-12 school districts, county offices of education and charter schools.
 - The Executive Order does not apply to community college districts.
 - Requires the superintendent, county superintendent of schools or charter leader (or their designees) to make a written finding that they require the temporary staffing flexibilities during this period.
 - This finding does not need to be submitted to CalSTRS.

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- Provision 5 states:

5. The post-retirement compensation limitations in subdivisions (d), (f), and (g) of Education Code section 24214 are suspended for compensation earned during the 2021-22 school year through March 31, 2022.

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- Provision 5, broken down:
 - Any retired DB member, regardless of age, is exempt from the annual earnings limit between July 1, 2021 – March 31, 2022, if they have returned to work at a K-12 school district, county office of education or charter school.
 - Any earnings for the period of July 1, 2021 – March 31, 2022, will not be taken into consideration in our evaluation of postretirement earnings.

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- Provision 5, example:
 - If a retired DB member earned \$80,000 from a K-12 school district between July 1, 2021, to March 31, 2022, and then they earn an additional \$50,000 for the period of April 1, 2022, to June 30, 2022, CalSTRS would only take the \$50,000 into consideration for the annual earnings limit review. Since the \$50,000 exceeds our current annual earnings limit of \$48,428, we would collect back \$1,572 from the retired DB member.

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- Provision 6 states:

6. For a retired member that has attained the normal retirement age at the time the compensation was earned, the post-retirement compensation limitations and procedural requirements in subdivisions (a) through (g) of Education Code section 24214.5 are suspended for compensation earned during the 2021-22 school year through March 31, 2022.

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- Provision 6, broken down:
 - The following requirements are suspended for those that are normal retirement age AND return to work in a K-12 school district, county office of education or charter school for the period of July 1, 2021 – March 31, 2022:
 - ✓ The appointment is necessary to fill a critically needed position and must be filled before the retired DB member's 180-calendar day separation-from-service period has passed since the member's most recent retirement date.
 - ✓ The termination of employment of the retired DB member with the employer must not be the basis for the need to acquire the services of the member or participant.
 - ✓ The retired DB member must not have received a retirement incentive or any financial inducement to retire from any public employer.
 - ✓ The retired DB member must not begin performing retired member activities until CalSTRS receives all required documentation.

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- Provision 6, broken down:
 - If the retired DB member meets the criteria on the previous slide, an exemption form is NOT required to be submitted to CalSTRS.
 - Upon evaluation of postretirement earnings, CalSTRS will apply the exemption to the retired DB member's account.

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- Things of note:
 - CalSTRS automated letters will continue to be sent to retired DB members who return to work. We will not be suppressing these letters as they are still required for those that are not normal retirement age or for those returning to work in a community college.
 - As of April 1, 2022, we will revert back to our previous process in which the SR1897 form will need to be submitted to request an exemption to the separation-from-service requirement. This will be for anyone returning to work with the district on or after April 1, 2022. Then Executive Order N-12-21 will apply.
 - Timely reporting is needed.

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- Things of note:
 - The Executive Order did not touch upon Education Code section 22714 (CalSTRS Retirement Incentive Program)
 - If a retired DB member obtained 2 years of service credit through the CalSTRS Retirement Incentive Program, they are still unable to return to work in ANY capacity with that employer for 5 years from when they received the incentive. If they do return to that employer, CalSTRS will revoke the incentive from the benefit as of the date they returned to work with that district.

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Questions?