

BILL NUMBER: [SB 294](#) (Leyva) as amended June 14, 2021

SUMMARY

SB 294 removes the 12-year limitation for service credit earned by a member while on a compensated leave of absence for elected officer service under the Teachers' Retirement Law and the Public Employees' Retirement Law.

BOARD POSITION

Neutral. It is the board's policy to take a neutral position on bills that do not significantly or adversely impact the benefits or services provided through the funds administered by CalSTRS or the administration of the retirement plans.

REASON FOR THE BILL

According to the author, removing the 12-year cap on the amount of service credit allowed for elected officer activities creates equity between school employees and other public employees who do not have such a limit.

SUMMARY OF AMENDMENTS

The June 14, 2021, amendments:

- Apply the provisions of the bill retroactively to all service as an elected officer performed after a specified date.
- Provide a process and conditions to request retroactive service credit for past compensated leave to perform elected officer service.
- Require regular interest to be included in contributions to CalSTRS for retroactive service credit earned as a result of this bill.
- Clarify that leave for elected officer service is in addition to any other leave an employee may be entitled to by other laws or a collective bargaining agreement.

ANALYSIS

Existing Law:

Education Code section 22711 grants members service credit, compensation earnable, interest and additional earnings credits for time during which they are on a compensated leave of absence to serve as an elected officer of an employee organization, provided the following criteria are met: the member performed creditable service under CalSTRS Defined Benefit (DB) Program during the month prior to the leave; the member makes contributions to the DB Program in the amount they would have contributed had they not been on leave; the employer makes contributions at a rate adopted by the board based upon the creditable compensation that would have been paid had the member not been on leave; and the service credit does not exceed 12 years.

The board sets the employer contribution rate at the higher of either the employer contribution rate then in effect or an amount necessary to cover the normal cost of the service. Employee organizations are required to reimburse employers for all compensation, including retirement plan contributions, paid to the employee on account of the leave of absence. Education Code sections

44987 and 87768.5 exclude elected officers on a leave of absence from receiving disability benefits from the DB Program.

This Bill:

Specifically, SB 294 removes the 12-year limit on the maximum service credit a member may receive while on a leave of absence as an elected officer of an employee organization from the Teachers' Retirement Law, the broader Education Code and the Public Employees' Retirement Law. The bill applies to both current and future certificated and classified public school employees, regardless of how many years of elected officer service credit they have accumulated. The bill also provides a means for employees to request retroactive service credit for qualifying elected officer service that was not previously credited.

By removing the limitation on elected officer service credit, SB 294 eliminates the need to monitor such service for a very small population. In 2019-20, 40 members received service credit for a leave of absence as an elected officer. Additionally, the bill builds upon the current requirement that employee organizations bear the cost of all compensation during leave, including retirement plan contributions, by adding that CalSTRS would receive regular interest on the balance of contributions due back to the date service was performed. These provisions ensure that the DB Program is made whole and that neither CalSTRS nor employers incur additional cost for the elected officer service. Consequently, the overall impact of SB 294 on plan administration and funding of the DB Program is minimal. In addition, SB 294 conforms with SB 1085 (Skinner, Chapter 893, Statutes of 2018) and provides parity among public employees as described below.

LEGISLATIVE HISTORY

SB 1085 (Skinner, Chapter 893, Statutes of 2018) required specified public employers to grant reasonable leaves of absence without loss of compensation or other benefits for employees to serve as stewards or officers of an employee organization and specified that compensation during the leave includes retirement fund contributions. Employees are to earn full service credit during the leave and to pay their membership contributions.

AB 991 (PER&SS, Chapter 123, Statutes of 2015) clarified that members may receive up to 12 years of service credit for service as an elected officer of an employee organization while on a compensated leave of absence.

AB 2765 (PER&SS, Chapter 965, Statutes of 1998) clarified that member and employer contributions while a member is on a compensated leave of absence as an elected officer of an employee organization must equal the amount that would have been contributed had the member been employed full time.

SB 751 (Royce, Chapter 118, Statutes of 1989) amended the Teachers' Retirement Law to conform to AB 2885 from the previous year.

AB 2885 (Elder, Chapter 688, Statutes of 1988) increased the maximum amount of service credit that could be earned by an employee on an approved leave of absence to serve as an elected officer of an employee organization from eight to 12 calendar years.

AB 1256 (Mangers, Chapter 1169, Statutes of 1978) granted service credit to members on a leave of absence to serve as an elected officer of an employee organization for up to eight years.

PROGRAM BACKGROUND

The provision to permit members to receive service credit under the DB Program while performing service as an elected officer of an employee organization was first enacted in 1978. CalSTRS originally opposed the legislation because it granted service credit for service not performed in California public schools. The board later changed to a support position with the agreement that the bill be amended to include funding, limit service to just four years and exclude members working under the provisions from disability eligibility. The funding and disability amendments were made, but the bill was enacted with an eight-year limit on service credit that could be purchased. In 1988, the law was amended to increase the service credit limit from eight years to 12 years. CalSTRS opposed the increase citing similar reasons.

More recently, SB 1085 added provisions to the Government Code requiring public employers, including those such as public schools and community colleges that are subject to the Educational Employment Relations Act, upon request of an exclusive representative, to grant reasonable leaves of absence without loss of compensation or other benefits for the purpose of enabling employees to serve as stewards or officers of the exclusive representative, or of any statewide or national employee organization. The bill required the compensation granted to the employee during the leave to include retirement fund contributions and the employee to earn full service credit during the leave. SB 1085 did not amend the Education Code, but it did set a new standard of providing “reasonable leaves of absence” without a time constraint for public employees serving as a steward or elected officer.

FISCAL IMPACT

Program Costs/Savings – Although CalSTRS could potentially miss out on a very small amount of state contributions for possible retroactive service credit requested by an unknown, but very limited, population of members, the overall cost to the fund is minimal as the bill requires employee organizations to bear the cost of contributions and regular interest on past service credit. There is no cost to the fund for future elected officer service credit.

Administrative Costs/Savings – Minor and absorbable.

SUPPORT

California Federation of Teachers (Co-sponsor)
California Teachers Association (Co-sponsor)
California Labor Federation, AFL-CIO
California Alliance for Retired Americans
California Faculty Association
Service Employees International Union, California

OPPOSITION

None known.

ARGUMENTS

Pro: Members granted a compensated leave of absence to serve as elected officers of an employee organization would no longer be limited to receiving 12 years of service credit for that time.

The need to monitor elected officer service credit would be eliminated.

Con: Substantial service credit may be granted for service not performed in California public schools.

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