

BILL NUMBER: Assembly Bill 1862 (Eng) as introduced February 12, 2010

SUMMARY

This bill replaces the Teachers' Retirement Board member who is either a retired member of the Defined Benefit (DB) Program or a retired participant under the Cash Balance (CB) Benefit Program, who is currently appointed by the Governor, with a retired member or participant who is elected by the retired members of the DB Program and the retired participants of the CB Benefit Program. The term for this Board member is four years, starting January 1, 2012.

BOARD POSITION

Historically, the Board has not taken positions on legislation affecting its selection or composition.

PURPOSE OF THE BILL

This bill replaces the Governor-appointed retiree representative on the Board with an elected member to represent the same population, which allows for direct representation of CalSTRS retired members and participants.

SUMMARY OF AMENDMENTS

There are no amendments at this time.

LEGISLATIVE HISTORY

Chapter 323, Statutes of 2007 (AB 757 – PER&SS) included “prekindergarten” in the criteria for active members who are eligible to vote for and to run as candidates for membership on the Board.

Chapter 22, Statutes of 2005 (SB 1108 – Senate Judiciary Committee) made numerous technical changes in the California codes that had been recommended by the Office of the Legislative Counsel.

Chapter 11, Statutes of 2004 (AB 419 – PER&SS) made clarifying changes to provisions enacted in the previous year that revised the composition of the Board membership; clarified which position an individual could run for if they had worked in both a community college district and either a district providing instruction for any of grades kindergarten through 12 or a county office of education; staggered the terms of the public members appointed by the Governor.

Chapter 1049, Statutes of 2002 (SB 1580 – Burton) required the three Board members appointed by the Governor to represent active members to instead be elected by the active membership with four-year terms beginning January 1, 2004; removed the requirement that some of the Governor's appointees be made from a list submitted by the Superintendent of Public Instruction; removed the requirement that the community college instructor representative have expertise in the areas of business or economics; allowed the Governor to appoint three members to represent the public in general instead of appointing one member of the public, one officer of a

life insurance company, and one officer of a bank or a savings and loan institution; required the Governor's appointees to be confirmed by the Senate.

Chapter 1048, Statutes of 1998 (SB 2085 – Burton) made technical changes by recasting references and provisions relating to the Cash Balance Plan and the Defined Benefit Plan to reflect those plans as the Cash Balance Benefit Program and the Defined Benefit Program under the State Teachers' Retirement Plan.

Chapter 634, Statutes of 1996 (SB 2041 – Hughes) made technical changes by conforming terminology to the rest of the Teachers' Retirement Law.

Chapter 933, Statutes of 1994 (AB 3171 – Napolitano) made various minor, corrective, and technical changes to the TRL related primarily to the 1993 recodification.

Chapter 893, Statutes of 1993 (AB 1796 – Napolitano) recodified the TRL and made structural changes only.

PROGRAM BACKGROUND

CalSTRS has held two elections since the passage SB 1580 (Chapter 1049, Statutes of 2002). The first was in 2003, and the most recent was in 2007. CalSTRS contracts with an election vendor who prepares the ballots and prints the candidate statements. The vendor carries out the elections as set forth by regulations adopted by the Board, including mailing and tabulating the ballots.

Currently, active members and participants are eligible to serve as a candidate, nominate candidates, and ultimately vote in the elections. The voter eligibility requirements are set forth in the Notice of Election published by the Board with input from the Election Coordinator. Eligible members can vote by mail, phone, or internet.

ANALYSIS:

Existing Law:

The Teachers' Retirement Law delineates the broad criteria for the three elected Board members and eligible voters in Education Code section 22200:

- An active member or participant who is employed by a district providing instruction for any of grades prekindergarten through 12 or by a county office of education, in a position other than a school administrator.
- An active member or participant who is employed by a district providing instruction for any of grades prekindergarten through 12 or by a county office of education.
- An active member or participant who is employed by a community college district.

Existing law also states that one of the persons appointed to the Board by the Governor be either a retired member under the DB Program or a retired participant under the CB Benefit Program.

Under the DB Program, an "active member" is defined as a member who is not retired or disabled and who earns creditable compensation during the school year. A "retired member" is defined as a member who has terminated employment and to whom a service retirement or

disability retirement benefit is payable. A “disabled member” is defined as a member to whom a disability allowance is payable.

Under the CB Benefit Program a “participant” is defined as a person who has contributions credited under the program or who is receiving an annuity under the program by reason of creditable service.

This bill:

This bill replaces the Teachers’ Retirement Board member who is either a retired DB member or a retired CB participant and appointed by the Governor with one who is elected by the retired members of the DB Program and the retired participants of the CB Benefit Program. The term for this new Board member is four years, starting January 1, 2012.

OTHER STATES’ INFORMATION

A majority of the public education retirement systems in the United State provide for direct election of some of the trustees representing the membership.

FISCAL IMPACT

Benefit Program Cost – None.

Administrative Costs/Savings – Because the term of office for this seat coincides with the terms of the existing elected active members, the election for the retired member seat can be held at the same time as the currently scheduled elections. Therefore, the increased cost of this election, including both staff and election vendor costs, would be approximately \$75,000.

SUPPORT

California Federation of Teachers (CFT) (sponsor)

OPPOSITION

None known.

SUPPORTING ARGUMENTS

Includes an elected member on the Board who directly represents retired members and participants.

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