

# CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

## BILL ANALYSIS

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**Assembly Bill 1975**

**Assembly Member Koretz (As amended 4/29/02)**

**Position:**

**No Position**

**Proponents:**

**CFT (Sponsor), CTA, CSEA UTLA, CA Independent Public Employees Legislative Council, California Labor Federation AFL-CIO**

**Opponents:**

**ACSA, CASB, CA Community College League, Los Angeles County Office of Education**

### **SUMMARY**

Assembly Bill 1975 requires school and community college districts to grant their employees paid leaves of absence, with benefits, to serve as employees of an employee organization.

### **HISTORY**

Chapter 1272, Statutes of 1980 (AB 2658—Mangers) provides paid leave with benefits, including retirement benefits, to any credentialed employee of a local school district who serves as an elected officer of a local public employee organization, or its affiliated state and national organization. Also allows eligible credentialed employees to receive service credit in the Defined Benefit (DB) Program for all such service performed after August 31, 1978, upon payment of contributions by the employee.

Chapter 1389, Statutes of 1982 (AB 2940—Tucker) extends the provisions of Chapter 1272, Statutes of 1980, to the employees of community college districts who are members of the DB Program.

Chapter 623, Statutes of 1987 (SB 1142—Rosenthal) extends the provisions of Chapters 1272 and 1389 to the classified employees of local school districts and community college districts.

### **BACKGROUND**

Existing law requires school and community college districts to grant paid leaves of absence to their employees to allow those employees to serve as elected officers of public employee organizations with which the local organizations are affiliated. The employees receive the salary they would have made had they been performing their normal duties. They also receive the same retirement, medical, and other benefits as other employees of the district.

Provisions of the Teachers' Retirement Law (TRL) and other related sections of the Education Code allow members of the DB Program to receive service credit in the DB Program for their time spent as an elected official of an employee organization. Currently, members of the DB Program serving in that capacity may receive up to 12 years of service credit, on a year-for-year basis, for their time spent away from the classroom. For purposes of the DB Program, these members remain employees of the school districts that report their service.

Provisions of the TRL require the Teachers' Retirement Board (Board) to adopt employer contribution rates each year for members of the DB Program who are on a compensated leave of absence to serve as an elected officer of an employee organization during the new fiscal year. The employer contribution rate for FY 2002-03 is 8.497 percent. The employee contribution rate for these members is set by law at the same 8 percent rate applied to other members of the DB Program.

## **DISCUSSION**

Among other things, Assembly Bill 1975 requires school districts, community college districts, and county offices of education to provide a paid leave of absence, retirement benefits, and other benefits to employees who are members of the DB Program and become employed by an employee organization. The amount of service credit earned could not exceed 12 years.

According to supporters, the bill allows school employees who become union staff to accrue all the same benefits as are given to union officers in the same or similar circumstances. It will entitle school employees to paid leaves of absence to assist their unions in research projects and outreach.

While AB 1975 expands the requirement that school and community college districts grant paid leaves and benefits to employees who become elected union officers to those who become union staff, it does not amend the TRL to add union staff to the existing TRL provisions that specify the payment and crediting of contributions for elected officers. As a result, a technical, conforming change to the TRL would be appropriate.

In addition, current law, which is continued in AB 1975, provides for two different methods to calculate employer contribution rates for school employees who become union officials and staff, and these provisions do not strictly conform to the TRL. Under the TRL, the Board adopts the employer contribution rate annually and requires the districts to pay that rate for their affected employees. The provision of the bill that applies to local school district personnel who are members of the DB Program sets the employer contribution rate at the rate for additional service credit minus the employee contribution rate. This is consistent with the current Board policy for setting the employer contributions rate. The provision of the bill that applies to community college personnel who are members of the DB Program only specifies that contributions must cover the unfunded liability cost for the retirement plan, with the member paying the normal employee contribution rate. AB 1975 should be amended to conform the three provisions.

## **FISCAL IMPACT**

Benefit Program Costs – No net cost

Administrative Costs – None

## **BOARD POSITION**

No Position. The primary of the focus of the bill concerns policy, compensation of school employees on leaves of absence, that only indirectly affect CalSTRS. Nonetheless, to clarify the bill, the Board recommends amendments to specify in the TRL that school personnel who are members of the DB Program and become union staff shall have their accounts credited in the same manner as those members that become elected union officials. The Board also recommends amendments to conform provisions of the bill that refer to employer contributions to those contained in the TRL.