

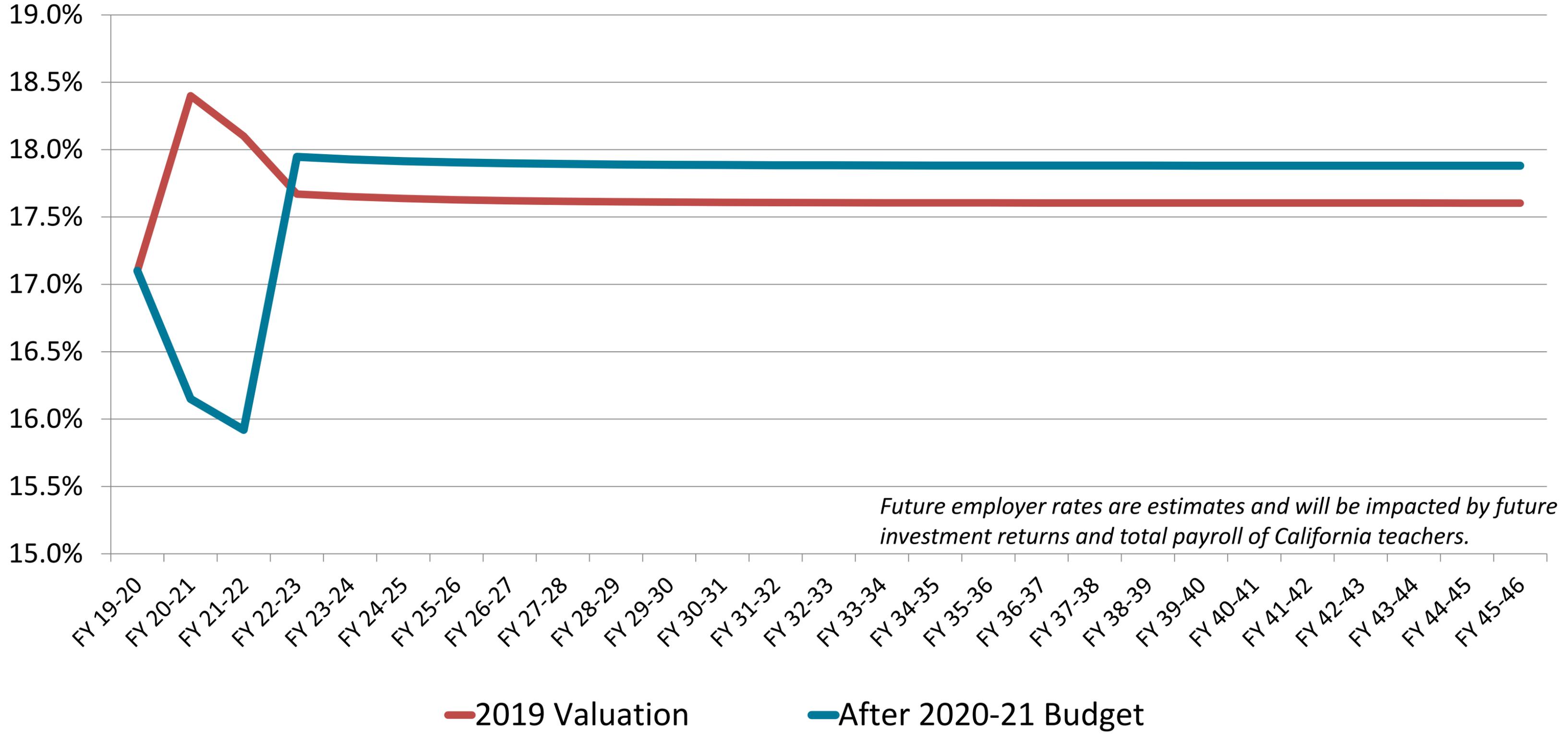
# Impact of 2020-21 California Budget

# Impact of 2020-21 Budget on Employers

	2019-20 Budget	2020-21 Budget
Short-Term Rate Relief	\$606 million	\$2.246 billion
Long-Term Rate Relief (to reduce employers' share of unfunded liability)	\$1.64 billion	\$0

# Projected Employer Contribution Rates

(Based on a 3.5% Return for FY 19-20 and 7% Thereafter)

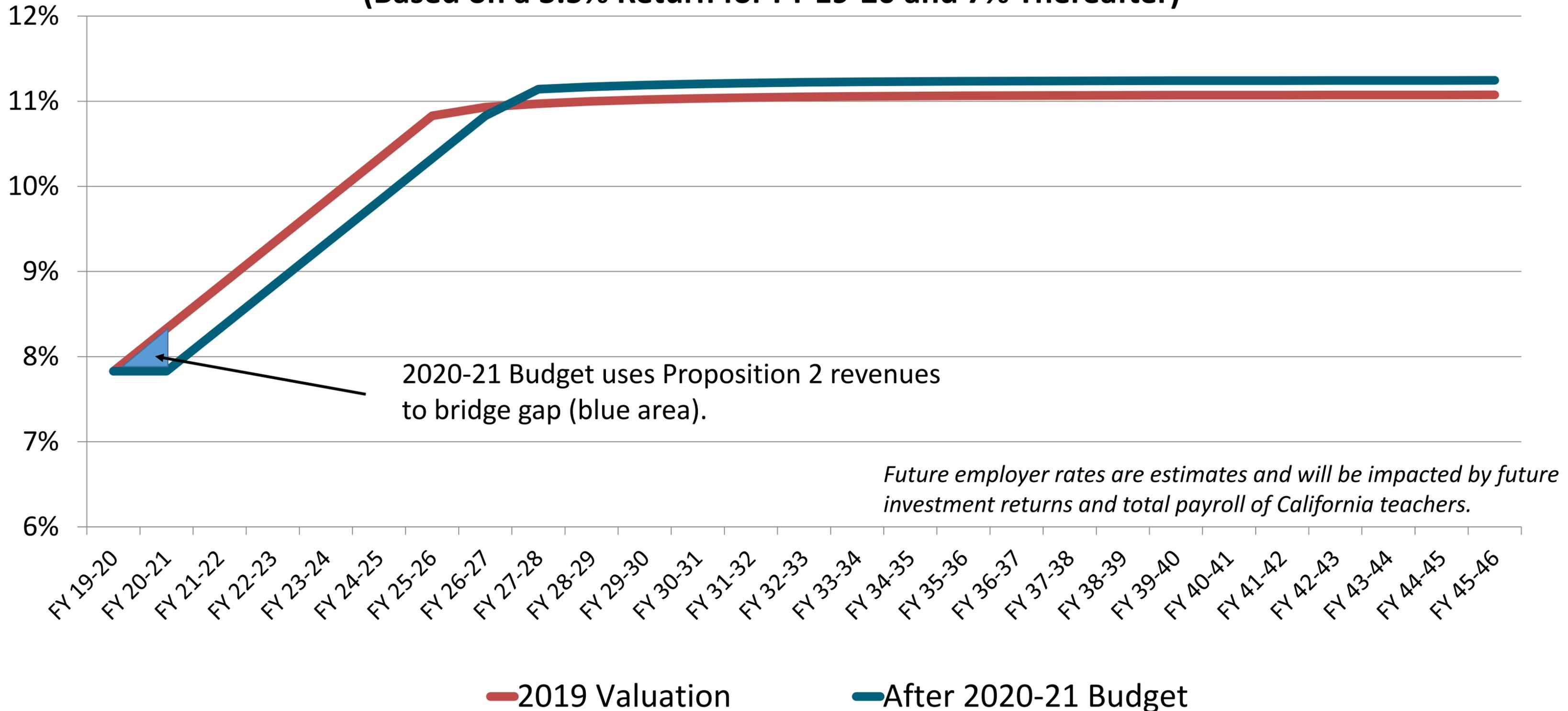


# 2020-21 Budget – State Rate

- Freezes board rate setting authority for the state contribution rate for one year
  - 2019-20 contribution rate (7.828%) remains in effect for 2020-21
    - Shortfall of \$170 million
  - Shortfall was covered using Proposition 2 revenues
    - State sent \$297 million to CalSTRS on July 1, 2020
    - Covers more than the shortfall
  - No “catch-up” provision

# Projected State Contribution Rates

(Based on a 3.5% Return for FY 19-20 and 7% Thereafter)



# Impact on Funding Plan

- No short-term impact to funding plan
- Lack of a “catch-up” provision slightly weakens funding plan long-term
  - Ability to react in the event of a recession could be impacted
  - Risk increases if state rate freeze is extended beyond one year