



California State Teachers'
Retirement System
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September 29, 2005

TO: All County Superintendents of Schools
District Superintendents of Schools
Community College Districts and
Other Employing Agencies

FROM: EXECUTIVE OFFICE

SUBJECT: Employer Directive 2005-04
Comparison Calculations of Benefits of Part-time and Adult Education
Community College Faculty

PURPOSE

The purpose of this directive is to inform employers of the enactment of AB 1586 (Chapter 442, Statutes of 2004). This legislation amends Section 22115 of the California Education Code, effective January 1, 2005.

SCOPE

This law requires the California State Teachers' Retirement System (CalSTRS) to recalculate the benefits of part-time instructors and adult education instructors who were members of CalSTRS' Defined Benefit Program employed by a community college prior to July 1, 1996, and retired on or after that date, to address an inadvertent possible reduction in benefits.

DISCUSSION

Prior to July 1, 1996, the law stated that the minimum standard for all community college instructors was 1,050 hours per school year. Effective July 1, 1996, and clarified on January 1, 1999, in California Education Code, Section 22138.5, the *minimum* standards for part-time instructors and adult education instructors in community colleges were reduced to 525 instructional hours and 875 hours respectively.

It is important to realize that these are *minimum* standards and that it is not mandatory for a community college district to convert to a lower standard. The intent, however, of the changes to the Education Code is to establish standards that accurately reflect the full time teaching load for part-time community college instructors.

The changes to the minimum standard resulted in community college instructors hired on a part-time basis to accrue service credit at an accelerated rate. If an employer converted to a lower standard, the employee's compensation earnable was reduced proportionately; this may have had the unintended consequence of lowering the member's final compensation when they went into benefit status.

ACTION

CalSTRS will recalculate the benefit of every part-time and adult education community college instructor who 1) was hired before July 1, 1996; 2) received a benefit on or after July 1, 1996; and 3) whose employer converted to a lower standard. CalSTRS has identified several thousand members who are currently in benefit status and meet the first two criteria.

In order for CalSTRS to perform a benefit comparison calculation for eligible members, each district will be required to certify in writing and provide CalSTRS with the following information:

Step One

- The date your district converted to a lower standard (required base hours) after July 1, 1996, if applicable. ***If your district never converted to a lower standard for part-time community college instructors or community college adult education instructors, then a comparison calculation will not be performed as there will be nothing to compare.***
- If your district did convert to a lower standard after July 1, 1996:
 - What was the standard (base hours) prior to the conversion to a lower standard (base hours)?
 - What is the lower standard (base hours) that was adopted for *each* assignment?
 - What was the date of the conversion to the lower standard (base hours)?

Once CalSTRS receives this basic required information, we will contact the payroll departments of those districts that converted to a lower standard and request the following required information:

Step Two


- The hourly pay rates for *each* assignment for every affected member from July 1, 1996, to the date that the member went into benefit status.

**Step
Three**

CalSTRS will then calculate what the member's benefit would have been had the standard (base hours) never changed (less service credit but higher final compensation) and compare that to the actual benefit (more service credit but lower final compensation) that they are currently receiving. The member will receive the higher of the two calculated benefits.

CalSTRS will soon be in contact with the community college districts' payroll departments regarding the information itemized in "Step One." In the meantime, we wanted you to be aware that this project is underway and prepare you for the type of information we will be seeking from the community college districts.

If you have any questions or need clarification of your responsibilities, please contact either Regina Diaz at (916) 229-0967, e-mail: rdiaz@calstrs.com or Linda Mains at (916) 229-0122, e-mail: lmains@calstrs.com of CalSTRS' Data Integrity Project.



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