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California State Teachers'  
Retirement System  
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December 27, 2017

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

FROM: Jack Ehnes  
EXECUTIVE OFFICE

SUBJECT: Employer Directive 2017-06  
Reporting Sick Leave as Provided by the Healthy Workplaces, Healthy Families  
Act of 2014

**PURPOSE:**

This directive provides employers direction regarding reporting the use of sick leave as provided by the Healthy Workplaces, Healthy Families Act of 2014.

**SCOPE:**

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs persons to perform creditable service or retired member/participant activities under the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs.

**DISCUSSION:**

The Healthy Workplaces, Healthy Families Act of 2014 enacted by Chapter 317, Statutes of 2014 (Assembly Bill 1522), became effective July 1, 2015, and requires California employers provide at least 24 hours, or three days, of paid sick leave to employees who work at least 30 or more days within a year. With the passage of AB 1522, substitute, temporary, and hourly or daily employees performing service subject to coverage by the Defined Benefit and Cash Balance Benefit programs, and members or participants who are working while receiving a CalSTRS benefit, are now required to accrue paid sick leave.

When compensation is paid for the use of sick leave while performing service subject to coverage by the Defined Benefit Program, the compensation associated with the use of paid sick

leave is creditable to the Defined Benefit Program and the Cash Balance Benefit Program (Education Code sections 22119.2, 22119.3, 26139 and 26139.5).

When compensation is paid for the use of sick leave while performing service subject to coverage by the Defined Benefit Program, the leave is considered service toward the requirements for mandatory membership in the Defined Benefit Program as outlined in Education Code sections 22502, 22503 and 22504.

When compensation is paid for the use of sick leave while performing retired member or retired participant activities, the compensation is subject to the separation-from-service requirement and the annual postretirement earnings limitation as outlined in Education Code sections 24214, 24214.5 and 26812.

Unused sick leave can be converted to service credit at retirement pursuant to Education Code section 22717 if reported by the employer on the *Express Benefit Report* (SR 0554E). Sick leave is considered "basic sick leave" unless awarded by an employer for which the employee has already earned one day of paid sick leave per pay period in a school year. Sick leave granted by an employer in excess of one day of paid sick leave per pay period in a school year is considered "excess sick leave" pursuant to Education Code section 22170.5(c).

### **ACTION**

For purposes of administering the Defined Benefit Program mandatory membership thresholds, reporting retired member and retired participant activities, and reporting unused sick leave at retirement, the sick leave that has accrued as a result of the Healthy Workplaces, Healthy Families Act of 2014 shall be treated in the same manner as all other sick leave.

For mandatory membership thresholds, employers must report compensation for the use of all paid sick leave for nonmembers and include this leave toward the applicable threshold when determining mandatory membership in the Defined Benefit Program. Compensation for the relinquishment of unused accumulated leave is not creditable compensation per Education Code sections 22119.2(c)(4) and 22119.3(b)(4).

Employers must report compensation associated with the use of all paid sick leave for members or participants who are performing retired member or retired participant activities.

At retirement, employers must report all unused sick leave the member has accumulated to CalSTRS on the *Express Benefit Report* (SR 0554E) within 30 days of the member's retirement date or the date the application for retirement is received by CalSTRS, whichever is later, in accordance with Education Code sections 22717 and 22718. In the event a member dies before retirement, report all unused sick leave to CalSTRS on the *Survivor Benefits Employment Termination and Sick Leave Report* (SB 0554).

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If you have any questions regarding this Employer Directive, please contact your CalSTRS Employer Services representative at [EmployerHelp@CalSTRS.com](mailto:EmployerHelp@CalSTRS.com) or 877-277-5778.

For questions specific to the *Express Benefit Report* form, email [ExpressBenReport@CalSTRS.com](mailto:ExpressBenReport@CalSTRS.com).

This Employer Directive does not take precedence over the law.