

SA2003 RF0062

P.O. Box 59755
San Jose, CA 95159-0755
November 28, 2003

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DEC 04 2003

Initiative Coordinator
Office of the Attorney General
1300 I Street
Sacramento, CA 95814

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Dear Initiative Coordinator:

Enclosed is a draft for the proposed initiative measure State Teachers' Retirement. A request is being made for the title and summary to be written. Also, enclosed are a check for the \$200 fee and the list of proponents that was submitted to the Legislative Counsel with request to write the text of the initiative measure.

It appears that only a few proponents' names are listed on the website. If so, please begin the list with the following names until the amount needed is reached. The names, in order, are Ann Reid, Charles Worden, Deborah Fujii, Sergio Gomez, Sujata Lal, Candy Gutierrez, Gary Miller, Minerva Chamorro, Maryann Haggerty, and Robert Allen Russell.

Although we are novices at the process, we are willing to follow the correct procedures and I am willing to be involved in discussions with your staff. Please notify me of any items that need to be addressed. I can be contacted at the address above or by phone
Please do not release the phone number.

Thank you in advance for your assistance.

Respectfully,

Ann Reid

Enclosures

SA2003KF0062

I, Ann Reid, acknowledge that it is a misdemeanor under state law (Section 18650 of the Elections Code) to knowingly or willfully allow the signatures on an initiative petition to be used for any purpose other than qualification of the proposed measure for the ballot. I certify that I will not knowingly or willfully allow the signatures for this initiative to be used for any purpose other than the qualification of the measure for the ballot.

(Signature of Proponent)

Dated this 2nd day of December, 2003

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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO
THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

We, the undersigned, registered, qualified voters of California, residents of _____ County (or City and County), hereby propose additions to the Education Code, relating to state teachers' retirement and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed statutory amendments (full title and text of the measure) read as follows:

SECTION 1. Section 22135.5 is added to the Education Code, to read:

22135.5. (a) Notwithstanding Sections 22134, 22134.5, and 22135, "final compensation" means the highest average annual compensation earnable by a member during any period of 12 consecutive months while an active member

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of the Defined Benefit Program. The last consecutive 12-month period of employment shall be used by the system in determining final compensation unless designated to the contrary in writing by the member.

(b) For purposes of this section, periods of service separated by breaks in service may be aggregated to constitute a period of 12 consecutive months, if the periods of service are consecutive except for the breaks.

(c) The determination of final compensation of a member who has concurrent membership in another retirement system pursuant to Section 22115.2 shall take into consideration the compensation earnable while a member of the other system, provided that all of the following exist:

(1) The member was in state service or in the employment of a local school district or a county superintendent of schools.

(2) Service under the other system was not performed concurrently with service under the Defined Benefit Program.

(3) Retirement under the Defined Benefit Program is concurrent with the member's retirement under the other system.

(d) The compensation earnable for the first position in which California service was credited shall be

used when additional compensation earnable is required to accumulate 12 consecutive months for the purpose of determining final compensation under Section 23805.

(e) This section shall only apply to a member who elects to retire pursuant to Section 24205.5.

SEC. 2. Section 24205.5 is added to the Education Code, to read:

24205.5. (a) A member may retire for service at 55 years of age or older and receive an annual allowance equal to 3 percent of final compensation for each year of credited service if the member meets both of the following criteria:

(1) The member has at least 15 years of credited service, excluding service credited pursuant to Sections 22714, 22714.5, 22715, 22717.5, and 22828, but including service credited pursuant to Section 22717, in California with a life or clear teaching credential.

(2) The member's most recent five years of credited service, excluding service credited pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22828, was performed in a California public school district serving kindergarten and grades one to 12, inclusive, working directly with pupils as a classroom teacher, school librarian, counselor, school nurse, speech therapist, audiologist, psychologist, activities director,

or any combination thereof.

(b) A member who retires under this section may be eligible for the benefits provided under Section 22714.5, if that section has been made applicable to that member pursuant to a memorandum of understanding or formal action of the member's employer, as provided in that section. Notwithstanding subdivision (f) of Section 22714.5, a member who is 53 years of age or older may apply the additional age available under Section 22714.5 to become eligible to retire under this section.

(c) A member who retires under this section is not eligible for the benefits provided under Section 24203, 24203.5, or 24203.6.

(d) The member's allowance under this section may not be greater than 100 percent of the member's final compensation.

(e) This section does not apply to the following:

(1) Any member who retires for disability pursuant to Chapter 26 (commencing with Section 24100).

(2) Any member who, within five years prior to retirement for service and for a period of six months or longer, receives a disability allowance pursuant to Chapter 25 (commencing with Section 24001) or takes a sabbatical leave or personal leave.

(3) Any member who, within five years prior to retirement for service and for a period of two years or longer, takes a medical leave.

(4) Any member who, within five years prior to retirement for service, serves in a full- or part-time position on special assignment outside the classroom, as an administrator, or in any other position in which the member does not work directly with pupils.

SEC. 3. Section 24415 of the Education Code is amended to read:

24415. (a) The proceeds of the Supplemental Benefit Maintenance Account shall be distributed annually in quarterly supplemental payments commencing on September 1, 1990, to retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107. The amount available for distribution in any fiscal year shall not exceed the amount necessary to restore purchasing power up to 80 percent, or 100 percent in the case of those members who have retired pursuant to Section 24205.5, of the purchasing power of the initial monthly allowance after the application of all allowance increases authorized by this part, including those specified in Section 24412, and excluding those provided pursuant to Sections 24410.5, 24410.6, and 24410.7.

(b) The net revenues to be distributed shall be

allocated among those retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107, whose allowances, after sequentially applying the annual improvement factor as defined in Sections 22140 and 22141, and the annual supplemental payment as specified in Section 24412, have the lowest purchasing power percentage. The purchasing power calculation for each individual shall be based on the change in the All Urban California Consumer Price Index between June of the calendar year of retirement and June of the fiscal year preceding the fiscal year of distribution. In any year in which the purchasing power of the allowances of all members who have retired pursuant to Section 24205.5 equals not less than 100 percent, the allowances of all other retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107, equals not less than 80 percent, and additional funds remain from the allocation authorized by this section, those funds shall remain in the Supplemental Benefit Maintenance Account for allocation in future years.

(c) The allowance increase shall not be applicable to annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions.

(d) The increases provided by subdivision (b) are not cumulative, not part of the base allowance, and will be payable only to the extent that funds are available from the Supplemental Benefit Maintenance Account. The board shall inform each recipient of the contents of this subdivision.

(e) The adjustments authorized by this section are vested only up to the amount payable as a result of the annual appropriation made pursuant to Section 22954 and shall not be included in the base allowance for purposes of calculating the annual improvement defined by Sections 22140 and 22141.

(f) Notwithstanding subdivision (b), for purposes of restoring the purchasing power of benefits provided pursuant to Section 24410.5 for members and beneficiaries receiving benefits pursuant to subdivision (b), the purchasing power calculation shall be based on 80 percent, or 100 percent in the case of those members who have retired pursuant to Section 24205.5, of the change in the All Urban California Consumer Price Index between January 2000 and June of the fiscal year preceding the fiscal year of distribution, after the application of increases authorized by Section 24412 that are made to the allowances provided pursuant to Section 24410.5.

(g) Notwithstanding subdivision (b), for

purposes of restoring the purchasing power of benefits provided pursuant to Sections 24410.6 and 24410.7 for members and beneficiaries receiving benefits pursuant to subdivision (b), the purchasing power calculation shall be based on 80 percent, or 100 percent in the case of those members who have retired pursuant to Section 24205.5, of the change in the All Urban California Consumer Price Index between January 2001 and June of the fiscal year preceding the fiscal year of distribution, after the application of increases authorized by Section 24412 that are made to the allowances provided pursuant to Sections 24410.6 and 24410.7.

SEC. 4. Section 24416 of the Education Code is amended to read:

24416. (a) If the board determines by June 30 of the then current fiscal year that the Supplemental Benefit Maintenance Account will not have sufficient funds to provide purchasing power of up to 100 percent for those members who have retired pursuant to Section 24205.5 and up to 80 percent for all other eligible members and beneficiaries for the subsequent fiscal year, the board, for that year, may do either, or a combination of the following:

(1) Increase the employer contribution rate commencing in the next fiscal year by an amount that would

provide sufficient funds for no more than the estimated difference between the funds in the Supplemental Benefit Maintenance Account and the amount needed to pay the benefit level specified by the board, provided the benefit level is no more than 100 percent for those members who have retired pursuant to Section 24205.5 and no more than 80 percent for all other eligible members and beneficiaries. Notwithstanding any other provision of this part, the increase in the employer contribution rate shall only become operative if the increase is approved or authorized in the Budget Act.

(2) Reduce the supplemental benefit payment for the subsequent fiscal year to the amount that can be funded by the available funds in the Supplemental Benefit Maintenance Account.

(b) If the board finds that there is no unfunded obligation, as determined by the board's professional consulting actuary and affirmed by the Director of Finance, then in addition to the authority pursuant to subdivision (a), the board may transfer to an auxiliary Supplemental Benefit Maintenance Account, from any funds that are in excess of the amount needed to fund fully the benefits for which the Teachers' Retirement Fund is liable, an amount that would provide sufficient funds for no more than the estimated difference between the

funds in the Supplemental Benefit Maintenance Account and the amount needed to pay the benefit level specified by the board, provided the benefit level is no more than 100 percent for those members who have retired pursuant to Section 24205.5 and no more than 80 percent for all other eligible members and beneficiaries.

(c) If the board increases the employer contribution rate pursuant to paragraph (1) of subdivision (a), the increase between the current fiscal year contribution rate and the contribution rate in the next fiscal year, shall not exceed one-quarter of 1 percent of the creditable compensation upon which contributions are based.

SEC. 5. Section 24417 of the Education Code is amended to read:

24417. (a) The proceeds of an auxiliary Supplemental Benefit Maintenance Account shall be distributed annually in quarterly supplemental payments, commencing when funds in the Supplemental Benefit Maintenance Account are insufficient to support 100 percent for those members who have retired pursuant to Section 24205.5 and 80 percent, to all other retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107. The amount available for distribution in any fiscal year shall not exceed the

amount necessary to restore purchasing power up to 80 percent, or 100 percent in the case of those members who have retired pursuant to Section 24205.5, of the purchasing power of the initial monthly allowance after the application of all allowance increases authorized by this part, including those specified in Sections 24412 and 24415, and excluding those provided pursuant to Sections 24410.5, 24410.6, and 24410.7.

(b) The net revenues to be distributed shall be allocated among those retired members, disabled members, and beneficiaries, as defined in subdivision (a) of Section 22107, whose allowances, after sequentially applying the annual improvement factor as defined in Sections 22140 and 22141, and the annual supplemental payment as specified in Sections 24412 and 24415, have the lowest purchasing power percentage. The purchasing power calculation for each individual shall be based on the change in the All Urban California Consumer Price Index between June of the calendar year of the benefit effective date and June of the fiscal year preceding the fiscal year of distribution.

(c) The allowance increase shall not be applicable to annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions.

(d) The increases provided by subdivision (b) are not cumulative, nor part of the base allowance, and will be payable only to the extent that funds are available from the Supplemental Benefit Maintenance Account and the auxiliary Supplemental Benefit Maintenance Account. The board shall inform each recipient of the contents of this subdivision.

(e) The distributions authorized by this section are vested only up to the amount payable as a result of the annual appropriation made pursuant to Section 22954 and shall not be included in the base allowance for purposes of calculating the annual improvement defined by Sections 22140 and 22141.

(f) Notwithstanding subdivision (b), for purposes of restoring the purchasing power of benefits provided pursuant to Section 24410.5 for members and beneficiaries receiving benefits pursuant to subdivision (b), the purchasing power calculation shall be based on 80 percent, or 100 percent in the case of those members who have retired pursuant to Section 24205.5, of the change in the All Urban California Consumer Price Index between January 2000 and June of the fiscal year preceding the fiscal year of distribution, after the application of increases authorized by Section 24412 that are made to the allowances provided pursuant to Section 24410.5.

(g) Notwithstanding subdivision (b), for purposes of restoring the purchasing power of benefits provided pursuant to Sections 24410.6 and 24410.7 for members and beneficiaries receiving benefits pursuant to subdivision (b), the purchasing power calculation shall be based on 80 percent, or 100 percent in the case of those members who have retired pursuant to Section 24205.5, of the change in the All Urban California Consumer Price Index between January 2001 and June of the fiscal year preceding the fiscal year of distribution, after the application of increases authorized by Section 24412 that are made to the allowances provided pursuant to Sections 24410.6 and 24410.7.

SEC. 6. This initiative may not be amended by the Legislature except to further its purposes by a statute passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring, or by a statute that becomes effective only when approved by the electorate.