

RESOLUTION
OF THE
TEACHERS' RETIREMENT BOARD

SUBJECT: Adoption of Updates to Penalties and Interest Regulations

RESOLUTION NO. XX-XX

WHEREAS, Section 22207 of the California Education Code authorizes the board to perform any acts necessary for the administration of CalSTRS and the plan in carrying into effect the provisions of the Teachers' Retirement Law; and

WHEREAS, Section 22305 of the Education Code provides that any rules and regulations adopted by the board have the force and effect of law; and

WHEREAS, Section 23002 of the Education Code requires member and employer contributions to be due in the office of the system five working days immediately following the period covered by the monthly report upon which the compensation earned during the period is being reported and from and upon which the contributions are due; and

WHEREAS, Section 23003 of the Education Code requires the board to, in accordance with regulations, assess penalties if a county superintendent of schools or employing agency or school district or community college district that reports directly to the system fails to make payment of contributions as provided in Section 23002 of the Education Code and to charge regular interest on any delinquent contributions; and

WHEREAS, Section 23004 of the Education Code requires the county superintendent of schools or employing agency, or school district or community college district with approval of the board, to submit a report monthly to the system containing information the board requires in the administration of the plan; and

WHEREAS, Section 23006 of the Education Code requires the board to, in accordance with regulations, assess penalties if a county superintendent of schools or employing agency or school district or community college district that reports directly to the system submits monthly reports late or in unacceptable form; and

WHEREAS, Section 23008 of the Education Code requires the county superintendent, district superintendent, chancellor of a community college district, or other employing agency who submits a monthly report with more or less than the required contributions to make proper adjustments within 60 days after discovery or notification by the system, and also requires the board to, in accordance with regulations, assess penalties for late or improper adjustments pursuant to Section 23006 of the Education Code; and

WHEREAS, Section 26301 of the Education Code requires employers to report contributions, along with all other information required by the system, within 10 working days

following the last day of the pay period, and also requires the board to, in accordance with regulations, assess penalties for reports submitted late or in an unacceptable form; and

WHEREAS, Section 26303 of the Education Code requires employers to transmit employee and employer contributions for salary paid to each participant within 10 working days following the last day of the pay period, and also requires the board to, in accordance with regulations, collect regular interest for late payment from the employer; and

WHEREAS, on September 14, 2023, the board approved the initially proposed amendments updating Sections 27003, 27004, 27007 and 27008 and adding section 27010 of Article 15.5 of Chapter 1, Division 3, Title 5, in the California Code of Regulations and directed CalSTRS staff to give public notice and schedule a public hearing to be conducted by the board; and

WHEREAS, the board held a public hearing on January 10, 2024; and

WHEREAS, on May 2, 2024, the board approved modifications to Sections 27003, 27004, 27007, 27008 and 27010 of the regulations, and directed CalSTRS staff to hold a 15-day public comment period; and

WHEREAS, the board has provided an opportunity for public comment regarding the proposed regulation and duly considered all comments, objections or recommendations received; therefore, be it

RESOLVED, that the Teachers' Retirement Board adopts the accompanying amended Sections 27003, 27004, 27007 and 27008 and added Section 27010 of Article 15.5 of Chapter 1, Division 3, Title 5, in the California Code of Regulations; and therefore, be it further

RESOLVED, that CalSTRS staff is instructed to submit the adopted amended regulations to the Office of Administrative Law (OAL) for final approval; and therefore, be it further

RESOLVED, that if, during the approval process, CalSTRS staff or the OAL determines that nonsubstantive corrections to the language of the regulation or supporting documentation are needed for clarity or consistency, the Chief Executive Officer or their designee may make such changes.

Adopted by:
Teachers' Retirement Board
on September 26, 2024

Cassandra Lichnock
Chief Executive Officer

Reviewed by:

Brian J. Bartow
General Counsel