

**CALIFORNIA CODE OF REGULATIONS**  
**TITLE 5. EDUCATION**  
**DIVISION 3. TEACHERS' RETIREMENT SYSTEM**  
**CHAPTER 1. TEACHERS' RETIREMENT SYSTEM**  
**ARTICLE 1. DEFINITIONS**

**§ 20500. Definitions**

As used in this chapter:

(a) "Accredited" means official recognition of an educational institution, by an authorized public authority or other generally recognized authority, that such institution maintains standards which qualify its graduates for admission to higher or more specialized institutions or for professional or trade practices.

(b) "Certificated" means the holding by a person of a credential which is required by the laws of the state to be held as a condition to valid employment in the position in which such person is employed.

(c) "Chairperson" means Chairperson of the Teachers' Retirement Board, duly elected in the manner prescribed by Education Code section 22200.

(d) "Credential," "credentials" and "certificate" mean any life diploma, credential, certificate, or other document provided for by, and issued pursuant to the laws of the state which authorize service in the public school system of this state.

(e) "Emergency meeting" means a meeting of the Teachers' Retirement Board held because of an unforeseen emergency condition.

(f) "Regular meeting" is a meeting held in accordance to a schedule of meetings stating the dates and places of the meetings adopted by the Teachers' Retirement Board.

(g) "Special meeting" is a nonemergency meeting held by the Teachers' Retirement Board at a time other than when a regular meeting is held for considering and acting upon such matters, and no others, as are included in the notice of special meeting.

(h) "Unforeseen emergency condition" means a circumstance or a combination of circumstances which may result in monetary loss to the system, or otherwise impair the integrity or operation of the system, or result in unconscionable hardship or monetary loss of a member, disabilitant or retirant unless the Teachers' Retirement Board acts without being required to provide at least seven days' notice before acting.

(i) "Vice Chairperson ~~man~~" means the vice chairperson ~~man~~ of the Teachers' Retirement Board, duly elected in the manner prescribed by Education Code section 22200.

*NOTE:* Authority cited: Sections 22202, 22209 and 22210, Chapter 4, Division 10, Education Code. Reference: Sections 22216 and 22224, Education Code.

**ARTICLE 2. RULES OF PROCEDURE**

**§ 20514. Secretary; Duties**

The chief executive officer shall act as secretary of the Teachers' Retirement Board. ~~He~~ The chief executive officer shall have charge of all of its correspondence and shall keep a record of its proceedings.

*NOTE:* Authority cited: Section 22305, Education Code. Reference: Sections 22201.3, Education Code.

## ARTICLE 10. DEPENDENTS

### § 21023. Providing Information to the Teachers' Retirement Board

In addition to tax return, state or federal, the claimant or ~~his~~ the claimant's guardian shall furnish to the Teachers' Retirement Board such other evidence regarding ~~his~~ the claimant's financial status as the Teachers' Retirement Board may require.

*NOTE: ~~Specific authority: Section 11385, Government Code.~~ Authority cited: Section 22305, Education Code. Reference: Section 22450, Education Code.*

## ARTICLE 12. UNUSED EXCESS SICK LEAVE

### § 23005. Delegation of Authority of Board to Chief Executive Officer

The Board, pursuant to Section 22203 of the Education Code, hereby delegates to the Chief Executive Officer the administration of the program, including but not limited to, the power to act finally in accordance with these regulations and the instructions and supervision of the Board. The Chief Executive Officer may, in turn, delegate ~~his~~ this authority to ~~his~~ their subordinates.

*NOTE: Authority cited: Sections 22720 and 22210, Education Code. Reference: Sections 22203, 22204, 22209 and 22720, Education Code.*

## ARTICLE 14. INVESTMENT RELATIONSHIPS AND CAMPAIGN CONTRIBUTIONS

### § 24011. Disclosure and Recusal Requirement for Campaign Contributions

(a) No CalSTRS officer, employee or current Teachers' Retirement Board member, including the Controller, Treasurer, and Superintendent of Public Instruction shall make, participate in making or in any way attempt to use ~~his or her~~ their official position to influence a decision involving an Investment Relationship with CalSTRS if the officer, employee or member has received, solicited or directed a campaign contribution, as defined in The Political Reform Act (Gov. Code, s 81000et seq.), valued in excess of \$1,000, individually or \$5000 in the aggregate, in any twelve month period prior to the dates identified in Section 24010, subdivision (e) from any person designated in Section 24010, subdivision (d). For purposes of this section, a member appointed by the Governor and the Director of Finance shall also be deemed to have received a contribution if the Governor who appointed the member or Director of Finance has received a contribution within the twelve month period prior to the dates identified in Section 24010, subdivision (e) from any person designated in Section 24010, subdivision (d).

(b) If the disqualification provision of subdivision (a) results in the lack of a quorum for the purposes of taking action on any item before the Board or any of its committees, a sufficient number of Board members to constitute a quorum shall be drawn by lot from the otherwise disqualified Board members for the purpose of establishing a quorum and taking action on items before the Board or any of its committees. Board members who have been drawn by lot to constitute a quorum shall have their participation deemed as necessary and shall be exempt from the restrictions of subdivision (a) for the purpose of establishing a quorum and participating in the deliberations and voting on an item for which a quorum could not be established absent this waiver of the restrictions of subdivision (a).

*NOTE:* Authority cited: California Constitution, Article XVI, Section 17; and Sections 22202, 22207, 22208, 22214, 22250, 22253 and 22305, Education Code. Reference: California Constitution, Article XVI, Section 17; and Sections 22250 and 22253, Education Code.

## **CHAPTER 2. COMPENSATION**

### **ARTICLE 5. APPROPRIATE CREDITING OF CONTRIBUTIONS**

#### **§ 27600. Consistent Treatment of Compensation**

**(a)** In assessing the consistency of an increase that occurs during the period of time specified in subdivision (f), an increase is consistent if the employer demonstrates that it is due to any of the following:

**(1)** A restructure of compensation that is a permanent change, as indicated by not meeting either of the criteria for inconsistency described in subdivision (d).

**(2)** A salary deferral due to a reduction in school funds.

**(3)** A commensurate percentage increase in compensation earnable for the majority of members employed by the same employer.

**(4)** A change in duties required of the employee that is incorporated in the first contract for the immediate successor to the position.

**(5)** An increase in responsibility of the employee that is incorporated in the first contract for the immediate successor to the position.

**(6)** Attainment of an educational or performance benchmark.

**(7)** An increase that establishes pay parity as demonstrated by any of the following:

**(A)** Commensurate compensation earnable for that same position in the past.

**(B)** Commensurate compensation earnable for other employees performing similar duties for the same employer or other employers.

**(8)** A commensurate compensation earnable for the immediate successor.

**(9)** A commensurate compensation earnable for the immediate predecessor.

**(10)** More education or experience than the immediate predecessor.

**(11)** An increase in compensation that is required to recruit for a position which is directly responding to a specific time-bound financial crisis, not to exceed 150 percent of the base compensation earnable of the predecessor in the position or the most similar position prior to the crisis. For the purposes of this paragraph, a specific time-bound financial crisis is, for school districts, a negative certification of financial obligations pursuant to Section 1240 of the Education Code or, for community college districts, a finding of serious hardship of financial condition as defined in subdivision (c) of Section 59204 of Subchapter 4, Chapter 10, Division 6 of this Title.

**(b)** In assessing the consistent treatment of compensation for a position, if the successor's compensation earnable is lower than the member's, the member's compensation shall not be presumed to be inconsistent solely by reason of the reduced successor pay.

**(c)** In assessing the consistency of an increase that occurs during the period of time specified in subdivision (f), an increase that is not due to any of the circumstances listed in subdivision (a) is presumed to be inconsistent.

**(d)** A restructure of compensation pursuant to paragraph (1) of subdivision (a) is inconsistent if either of the following applies:

**(1)** The restructure is effective on or after January 1, 2016, and is outside of that employer's standard bargaining or employment contract negotiation time frames.

**(2)** The restructure is implemented for a class of one, and the change is reversed upon hire and negotiation of the first contract of the immediate successor.

(e) Notwithstanding subdivision (a), if there is determined to be a pattern of late career changes that result in additional compensation that the system determines was paid to enhance a member's benefits, such as, but not limited to, assignment of duties or responsibilities by an employer to employees during the final compensation period, the additional compensation for those duties is presumed to be inconsistent.

(f)(1) For a member whose initial final compensation after ~~his or her~~ their most recent retirement is calculated using a period of 36 or 12 consecutive months pursuant to Section 22134, 22134.5 or 22135 of the Education Code, the period of time is seven years preceding and including the last day used to calculate final compensation.

(2) For a member whose initial final compensation after ~~his or her~~ their most recent retirement is calculated using nonconsecutive periods of time due to a reduction in school funds as permitted by Education Code section 22134, the period of time begins four years prior to the first day used to calculate final compensation and ends on the last day used to calculate final compensation.

*NOTE:* Authority cited: Sections 22119.2, 22207, 22215, 22250, 22305 and 22458, Education Code. Reference: Sections 22112.5, 22119.2, 22458 and 22905, Education Code.

#### **§ 27601. Appropriate Crediting of Contributions**

(a) Upon determination that compensation was treated inconsistently, except in cases where an adjustment to the crediting of contributions would not result in a change to a member's final compensation, CalSTRS shall limit the amount of contributions that are credited to the Defined Benefit Program during the period of time specified in subdivision (b).

(1) If the inconsistent treatment of compensation is the result of a restructure of compensation, the employer shall report the amount that was restructured to the member's Defined Benefit Supplement account.

(2) If the inconsistent treatment of compensation is not attributable to a restructure, the employer shall report the portion of compensation in excess of the following thresholds to the member's Defined Benefit Supplement account:

(A) For inconsistent compensation increases concurrent with a change in position, the threshold for the fiscal year in which the inconsistent compensation increase occurred is the immediate predecessor's salary increased by the percentage calculated pursuant to paragraph (3). The resulting amount is the baseline on which the percentage increase calculated pursuant to paragraph (4) shall be applied to determine the threshold for each subsequent fiscal year.

(B) For inconsistent compensation increases not concurrent with a change in position, the threshold for the fiscal year in which the inconsistent compensation increase occurred is the member's compensation earnable for the year prior to the year in which the inconsistent increase occurred increased by the percentage calculated pursuant to paragraph (3). The resulting amount is the baseline on which the percentage increase calculated pursuant to paragraph (4) shall be applied to determine the threshold for each subsequent fiscal year.

(3) For the purposes of subparagraphs (A) and (B) of paragraph (2), the percentage increase to establish the baseline amount shall be the greater of either (A) or (B), whichever is applicable, or (C), as follows:

(A) 150 percent of the median percentage increase of the compensation earnable of the members at the member's employer between that fiscal year and the previous fiscal year, if that employer has at least 30 members.

(B) 150 percent of the median percentage increase of the compensation earnable of the members within the member's county between that fiscal year and the previous fiscal year, if the member's employer has less than 30 members.

(C) 150 percent of the median percentage increase of the compensation earnable of active members statewide, or zero, whichever is greater.

(4) For the purposes of subparagraphs (A) and (B) of paragraph (2), the percentage increase applied during each subsequent fiscal year shall be calculated as follows:

(A) For each subsequent inconsistent increase that is not concurrent with a change in position, the percentage calculated pursuant to paragraph (3) is applied to the prior year's threshold amount.

(B) For each subsequent inconsistent increase that is concurrent with a change in position, the percentage calculated pursuant to paragraph (3) is applied to the immediate predecessor's salary.

(C) For each subsequent consistent increase that is not concurrent with a change in position, the same percentage increase that the member earned is applied to the prior year's threshold amount.

(D) For each subsequent consistent increase that is concurrent with a change in position, the threshold amount is the actual compensation earnable for that new position.

(b)(1) For a member whose initial final compensation after ~~his or her~~ their most recent retirement is calculated using a period of 36 or 12 consecutive months pursuant to Section 22134, 22134.5 or 22135 of the Education Code, the period of time shall not exceed the seven years preceding and including the last day used to calculate the member's final compensation.

(2) For a member whose initial final compensation after ~~his or her~~ their most recent retirement is calculated using nonconsecutive periods of time due to a reduction in school funds as permitted by Education Code section 22134, the period of time shall not exceed the number of years that begins four years prior to the first day used to calculate final compensation and ends on the last day used to calculate final compensation.

*NOTE:* Authority cited: Sections 22119.2, 22207, 22213 and 22305, Education Code. Reference: Sections 22112.5, 22119.2 and 22458, Education Code.

## **CHAPTER 3. EMPLOYER REPORTING**

### **ARTICLE 1. EMPLOYER DIRECT REPORTING**

#### **§ 27704. Termination of Direct Reporting Relationship**

(a) The system may initiate termination of a direct reporting relationship at any time if any of the criteria or requirements for approval or responsibilities as a direct report are not met.

(b) The system may terminate the direct reporting relationship if the district does not respond through compliance to an audit finding by the system by the due date specified on the audit determination letter, or through appeal within 90 days.

(c) The district may voluntarily terminate the direct reporting relationship only when the system, the district's governing body, and the county governing authority have mutually agreed to terminate the relationship, documented by a resolution specifying the effective date of the termination and approved by the district governing body, the county governing authority, and the Chief Executive Officer of the system or ~~his or her~~ their designee. The resolution shall certify each of the following:

(1) "WHEREAS, [District] desires to terminate the relationship as a direct report that reports Defined Benefit contribution data and remits contributions directly to CalSTRS; and"

(2) "WHEREAS, the system Chief Executive Officer or ~~his or her~~ their designee authorizes the District to terminate the relationship to report directly to the system; and"

(3) "WHEREAS, [County] does hereby affirm that [County] is responsible for submitting and remitting any and all reports, adjustments, contributions, penalties and interest beginning on the effective date of the termination and covering all time periods, including the period that [District] was a direct report to the system."

(4) "THEREFORE, BE IT RESOLVED that the California State Teachers' Retirement System and [County] authorize [District] to discontinue as a direct report to the system."

*NOTE:* Authority cited: Sections 22207, 22213, 23004 and 22305, Education Code. Reference: Section 23004, Education Code.

**§ 27705. Review of Termination of Direct Reporting Relationship**

(a) A district may request a review of the system's decision to terminate the direct reporting relationship by the Chief Executive Officer of the system or ~~his or her~~ their designee. The request must be submitted in writing and be received by System Headquarters or by a CalSTRS Field Office or at the following email address: [*CalSTRSInternalReview@calstrs.com*] within 30 days of the district's receipt of the relationship termination letter. The resulting decision after such a review shall be final.

*NOTE:* Authority cited: Sections 22207, 22213, 23004 and 22305, Education Code. Reference: Section 23004, Education Code.