



District Business and Advisory Services

Bulletin: 22-023

Date: March 2, 2022

To: District Chief Business Officers
District Fiscal Directors
District Human Resource and Payroll Managers

From: Susan Ady, Director - District Business Services
Nghia Do, Advisor - District Business Services

Re: Service Credit for an Elected Officer

The following changes to Education Code section 22711, 44987, and 87768.5 contained in Chapter 539, Statutes of 2021 (Senate Bill 294) became effective January 1, 2022, and applies retroactively to September 1, 1978.

1. Senate Bill 294 amends Education Code sections 22711, 44987, and 87768.5 to remove the 12-year limitation for service credit a member may earn while on a compensated leave of absence to serve as an elected officer.
2. Education Code sections 44987 and 87768.5 allow a member that was absent on account of elected-officer service after August 31, 1978, to retroactively receive the service credit that they would have earned if they had not been serving as an elected officer as long as both following conditions are met:
 - ✓ The member must make a written request to the employer for a leave of absence for the period of the elected-officer service.
 - ✓ The employee organization of which the member is an elected officer pays to the member's employment an amount equal to the required member and employer contributions, including regular interest on the balance of contribution due to CalSTRS, calculated from the date the contributions would have been due when the elected-officer service was performed to the date payment is received by CalSTRS, compounded daily based on the regular interest rate in effect the day the payment is received by CalSTRS.

Actions Required:

1. Employers must report elected-officer service with assignment code 37 (elected officer) and contribution code 1 (normal) and continue to report the member's earnings and contributions as if they were not on a compensated leave of absence.
2. Employers must make contributions at the Employer Contribution Rate for Elected Officers.

3. If employers have members who have any previously unreported elected-officer service, please contact EmployerHelp@CalSTRS.com.
4. To view Senate Bill 294 in its entirety, please go to <http://leginfo.legislature.ca.gov>

Penalties and Interest:

Please see attached CalSTRS Employer Directed 2021-08 for more details.

Please distribute this memo within your District as deemed appropriate.



California State Teachers'
Retirement System
Executive Office
PO Box 15275
Sacramento, CA 95851-0275
www.CalSTRS.com

December 7, 2021

TO: All County Superintendents of Schools
District Superintendents of Schools
Community College Districts and
Other Employing Agencies remitting contributions to CalSTRS

FROM: Cassandra Lichnock
Chief Executive Officer

SUBJECT: Employer Directive 2021-08
Supersedes Employer Directive 2011-04
Service Credit for an Elected Officer

PURPOSE

This directive notifies employers of changes to Education Code sections 22711, 44987 and 87768.5 contained in Chapter 539, Statutes of 2021 (Senate Bill 294), which becomes effective January 1, 2022, and applies retroactively to September 1, 1978. This directive is also intended to remind employers how to report service for employees granted a compensated leave of absence to serve as elected officers of an employee organization.

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 under the CalSTRS Defined Benefit and Defined Benefit Supplement programs.

DISCUSSION

Education Code sections 44987 and 87768.5 state that the governing board of a school district or community college district, respectively, shall grant an employee's request for a leave of absence without loss of compensation to serve as an elected officer of any local school district employee organization, or any statewide or national public employee organization with which the local organization is affiliated.

In addition, Education Code section 22711 entitles CalSTRS members to receive service credit during their time as an elected officer.

A member granted a compensated leave of absence to serve as an elected officer of an employee organization will receive service credit, compensation earnable, interest and additional earnings

credits as if they had not been on a compensated leave of absence, if *all* the following conditions are met:

- The member is employed and performs service creditable to the Defined Benefit Program in the month before the commencement of their leave of absence.
- The member makes contributions to the Teachers' Retirement Fund in the amount they would have contributed had they performed creditable service during the time they serve as an elected officer.
- The employer makes contributions to the Teachers' Retirement Fund at the Employer Contribution Rate for Elected Officers as if the member performed creditable service in the position from which they have taken the compensated leave of absence.

SENATE BILL 294 AMENDMENTS

Senate Bill 294 amends Education Code sections 22711, 44987 and 87768.5 to remove the 12-year limitation for service credit a member may earn while on a compensated leave of absence to serve as an elected officer.

Education Code sections 44987 and 87768.5 also allow a member who, after August 31, 1978, was absent on account of elected-officer service, to retroactively receive the service credit that they would have earned if they had not been serving as an elected officer as long as both the following conditions are met:

- The member must make a written request to the employer for a leave of absence for the period of the elected-officer service.
- The employee organization of which the member is an elected officer pays to the member's employer an amount equal to the required member and employer contributions, including regular interest on the balance of contributions due to CalSTRS, calculated from the date the contributions would have been due when the elected-officer service was performed to the date payment is received by CalSTRS, compounded daily based on the regular interest rate in effect the day the payment is received by CalSTRS.

ACTION

Employers must report elected-officer service with assignment code 37 (elected officer) and contribution code 1 (normal) and continue to report the member's earnings and contributions as if they were not on a compensated leave of absence. Employers must also make contributions at the Employer Contribution Rate for Elected Officers.

If you have a member who has any previously unreported elected-officer service or any other questions regarding this employer directive, please contact EmployerHelp@CalSTRS.com.

This Employer Directive does not take precedence over the law. To view Senate Bill 294 in its entirety, please go to <http://leginfo.legislature.ca.gov>.

PENALTIES AND INTEREST

Penalties and interest will automatically be assessed on any late reporting and late remittance of contributions. Section 27003 of Title 5 of the California Code of Regulations states that reporting that is late due to a change in statute that requires a retroactive change to creditable compensation is exempt from penalties and interest as long as the reporting is submitted to CalSTRS within 30 calendar days immediately following the month in which the statutory change is effective, and will be subject to penalties on the 45th calendar day. For reporting adjustments, the due date is **March 2, 2022**, and penalties will be assessed on **March 17, 2022, after 5pm**.

If reporting adjustments for leaves of absence for elected-officer service taken between September 1, 1978, and December 31, 2021, are submitted to CalSTRS after the above date, CalSTRS will not waive the penalties assessed. The penalties will be assessed back to the new reporting due date and not back to when the leave was originally taken.

It is important to note that Education Code sections 44987 and 87768.5 require the regular interest on the balance of contributions due to CalSTRS, calculated from the date the contributions would have been due when the elected-officer service was performed to the date payment is received by CalSTRS, compounded daily based on the regular interest rate in effect the day the payment is received by CalSTRS. Therefore, the penalty on the late contributions is valid and will not be waived.

When submitting a dispute for penalties and interest assessed on the late reporting for leaves of absence for service as an elected officer taken between September 1, 1978, and December 31, 2021, please include supporting documentation to validate that the leave meets the requirements pursuant to Education Code sections 44987 and 87768.5.

For more information regarding penalties and interest, please contact Contributions@calstrs.com.