

AMENDED IN ASSEMBLY APRIL 18, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 3453

Introduced by Assembly Member Kaloogian

February 23, 1996

An act to amend ~~Section 89601~~ *Sections 89529, 89529.15, 89601, 89602, 89611, and 89623* of the Education Code, relating to public employee retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 3453, as amended, Kaloogian. Retirement: California State University.

Existing law authorizes eligible employees of the California State University to elect either to join the Public Employees' Retirement System or an optional retirement program available to those employees.

~~This bill would make a clarifying change to the statement of purpose for the program.~~ *Existing law also provides for industrial disability leave and nonindustrial disability insurance for personnel of the California State University as a supplement to benefits under the Public Employees' Retirement System and the State Teachers' Retirement System.*

This bill would make the provisions relating to industrial disability leave and nonindustrial disability insurance applicable to participants in the optional retirement program.

This bill would also permit the Trustees of the California State University to include investment funds in the optional retirement program.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 89601 of the Education Code is~~
2 *SECTION 1. Section 89529 of the Education Code is*
3 *amended to read:*

4 89529. (a) This article applies to employees of the
5 trustees who are members of the Public Employees'
6 Retirement System or the State Teachers' Retirement
7 System in compensated employment on and after July 1,
8 1974.

9 ~~This~~

10 (b) *This article also applies to a participant in the*
11 *optional retirement program pursuant to Chapter 5.5*
12 *(commencing with Section 89600), provided that he or*
13 *she would otherwise be eligible to participate in the*
14 *Public Employees' Retirement System except for the*
15 *election to participate in the optional retirement*
16 *program.*

17 (c) *This article does not apply to employees of the*
18 *trustees who are included in the provisions of Article 6*
19 *(commencing with Section 4800) of Chapter 2 of Part 2*
20 *of Division 4 of the Labor Code.*

21 *SEC. 2. Section 89529.15 of the Education Code is*
22 *amended to read:*

23 89529.15. As used in this article:

24 (a) "Employee" means any of the following:

25 (1) A permanent or probationary full-time employee
26 of the trustees, regardless of period of service, who is a
27 member of the Public Employees' Retirement System or
28 the State Teachers' Retirement System in compensated
29 employment on or after October 1, 1976.

30 (2) A permanent or probationary part-time or
31 intermittent employee of the trustees with at least the
32 equivalent of six monthly compensated pay periods of



1 service in the 18 months of pay periods immediately
2 preceding the pay period in which the disability begins,
3 who is a member of the Public Employees' Retirement
4 System or the State Teachers' Retirement System in
5 compensated employment on or after January 1, 1979.

6 (3) In addition to those eligible under paragraph (1),
7 an employee of the trustees appointed half-time or more
8 for one year of service or one academic year, as defined
9 by the trustees, or more, who is a member of the Public
10 Employees' Retirement System or the State Teachers'
11 Retirement System in compensated employment on or
12 after January 1, 1979.

13 (4) *A permanent or probationary full-time employee*
14 *of the trustees, regardless of period of service, who is a*
15 *participant in the optional retirement program pursuant*
16 *to Chapter 5.5 (commencing with Section 89600),*
17 *provided that he or she would otherwise be eligible to*
18 *participate in the Public Employees' Retirement System*
19 *except for the election to participate in the optional*
20 *retirement program.*

21 (b) "Full pay" means the gross base salary earnable by
22 the employee and subject to retirement contribution on
23 the date of the commencement of his or her disability.

24 (c) "Disability" or "disabled" includes mental or
25 physical illness and mental or physical injury including
26 any illness or injury resulting from pregnancy, childbirth,
27 or related medical condition. An employee is deemed
28 disabled on any day in which, because of his or her
29 physical, mental, or medical condition, he or she is unable
30 to perform his or her regular or customary work.

31 (d) "Disability benefit period", with respect to any
32 individual, means the continuous period of disability
33 beginning with the first day with respect to which the
34 individual files a valid claim for nonindustrial disability
35 benefits. For the purpose of this article, two consecutive
36 periods of disability due to the same or related cause or
37 condition and separated by a period of not more than 14
38 days shall be considered as one disability benefit period.

39 (e) "Appeals board" means the California
40 Unemployment Insurance Appeals Board.



1 SEC. 3. Section 89601 of the Education Code is
2 amended to read:

3 89601. In order to encourage qualified teachers to
4 enter and remain in service with the California State
5 University, an optional retirement program is authorized
6 by this chapter. The optional retirement program may be
7 established on or after July 1, 1991, by a provision adopting
8 this chapter in a memorandum of understanding which
9 is entered into by the trustees pursuant to Chapter 12
10 (commencing with Section 3560) of Division 4 of Title 1
11 of the Government Code. However, no other provision of
12 this chapter is subject to the control of any ~~such~~
13 memorandum of understanding. *The trustees may*
14 *establish terms and conditions under which the providers*
15 *of annuity contracts or investment funds operate,*
16 *including the selection of the contracts and funds to be*
17 *offered under the program.* The optional retirement
18 program shall become operative on the July 1 which
19 immediately follows the receipt by the Public Employees'
20 Retirement System of a notice of the adoption of this
21 chapter and a copy of the memorandum of
22 understanding.

23 SEC. 4. Section 89602 of the Education Code is
24 amended to read:

25 89602. Under this optional retirement program, *the*
26 *trustees shall offer* eligible employees ~~may purchase~~
27 ~~contracts or~~ certificates, or investment funds providing
28 retirement and death benefits, funded through annuities
29 or investment fund options. The state and eligible
30 employees electing this optional retirement program
31 shall contribute ~~toward the purchase of these contracts or~~
32 ~~certificates~~ *to the optional retirement program* to the
33 extent ~~herein~~ authorized or required *by this chapter.*
34 Benefits under the ~~contracts or~~ certificates, or
35 *investment funds* are owned by the participants.

36 SEC. 5. Section 89611 of the Education Code is
37 amended to read:

38 89611. "Benefit" means any monthly or lump-sum
39 payment due a retirant, or other beneficiary, and
40 includes lump-sum payments due on account of death.



1 SEC. 6. Section 89623 of the Education Code is
2 amended to read:

3 89623. No retirement, death, or other benefit shall be
4 paid by the state or the trustees for services credited
5 under the optional retirement program. The benefits are
6 payable to participants or their beneficiaries only by the
7 designated company or companies in accordance with
8 the terms of the contracts—~~or~~, certificates, or investment
9 funds.

10 amended to read:

11 ~~89601. In order to encourage qualified faculty to enter
12 and remain in service with the California State
13 University, an optional retirement program is authorized
14 by this chapter. The optional retirement program may be
15 established on or after July 1, 1991, by a provision adopting
16 this chapter in a memorandum of understanding that is
17 entered into by the trustees pursuant to Chapter 12
18 (commencing with Section 3560) of Division 4 of Title 1
19 of the Government Code. In any event, no other
20 provision of this chapter is subject to the control of any
21 such memorandum of understanding. The optional
22 retirement program shall become operative on the July
23 1 that immediately follows the receipt by the Public
24 Employees' Retirement System of a notice of the
25 adoption of this chapter and a copy of the memorandum
26 of understanding.~~

