
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No: AB 2417 **Hearing Date:** June 17, 2026
Author: Zbur
Version: May 18, 2026
Urgency: No **Fiscal:** Yes
Consultant: Glenn Miles

SUBJECT: Community colleges: part-time faculty: retirement

KEY ISSUE

This bill requires a community college district to provide temporary faculty employees the option to participate in social security, the CalSTRS defined benefit program, the CalSTRS Cash Balance Benefit program, if offered, or the CalPERS defined benefit program, and requires the CCC Chancellor's Office to work with CalSTRS and CalPERS to develop specified information materials on retirement programs opportunities for the CCC temporary faculty.

ANALYSIS

Existing law:

- 1) Requires public employers, under federal law, to provide their employees with either social security coverage or membership in a qualified retirement plan, as specified. (Public Law 101-508, § 11335)
- 2) Provides, under state law, defined benefit pension plans for public employers that meet the federal requirement of a qualified retirement plan, including, among others, the California Public Employees' Retirement System (CalPERS) defined benefit plan, the California State Teachers Retirement Plan (CalSTRS) defined benefit (DB), and CalSTRS Cash Balance (CB) Benefit Program plan. (Government Code § 20000 et seq.; Education Code § 22000 et seq.; and Education Code § 26001 et seq.)
- 3) Requires a district to classify specified employees (i.e., those employed to teach for not more than 67 percent of the regular full-time weekly assignment) as a temporary employee. (Education Code § 87482.5(a))
- 4) Provides CalSTRS' CB plan for, among others, temporary community college district employees excluded from CalSTRS' DB plan, as specified. (Education Code § 26000 et seq.)
- 5) Requires the district to provide specified information about the CB plan to eligible temporary employees within 10 days of the employee's first day of employment. (Education Code § 26300)

This bill:

- 1) Requires a community college district to provide a temporary faculty employee the option of membership in CalSTRS' Defined Benefit (DB) Program, its Cash Balance Benefit Program if offered by the district, or social security.
- 2) Clarifies that the district may also offer an alternative retirement option *in addition* to those required by this bill.
- 3) Requires CalSTRS and CalPERS to develop and post on their internet websites on or before July 1, 2027, informational materials regarding the difference between the employee's available options, as specified.
- 4) Requires the district to provide, commencing July 1, 2027, the informational material developed by the retirement systems to newly hire temporary faculty.

COMMENTS

1. Background:

According to CalSTRS:

“Members and participants of CalSTRS' DB and CB Benefit programs do not contribute to SSA for their CalSTRS-covered employment. Under current law, to retain an exemption from mandatory SSA coverage, a state must offer a retirement plan with commensurate benefits to SSA, known as a FICA-replacement plan. CalSTRS' DB and CB Benefit programs both serve as suitable FICA-replacement plans.”

“Generally, an individual contributing to SSA can earn up to four credits a year and must earn minimum of 40 credits to be eligible for an SSA retirement benefit. A person's benefit is calculated based on their highest 35 years of SSA-covered earnings. For those with less than 35 years of earnings, SSA fills the remaining years with zeros, which lowers the average benefit. This means that working a career with some covered and some non-covered employment could dilute an individual's average earnings, resulting in a lower SSA benefit. The Social Security Administration estimates SSA benefits replace about 40% of annual pre-retirement earnings for career SSA contributors. By comparison, a career educator in CalSTRS' DB Program receives an average DB benefit replacing between 50% and 60% of salary. Still, an individual whose primary career was in non-SSA-covered employment might choose to contribute to SSA on a part-time basis to earn sufficient credits to qualify for a modest SSA benefit.”

“Prior to 2025, CalSTRS members seeking to claim an SSA benefit were subject to two provisions that could negatively impact their benefit—the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). The WEP reduced SSA benefits for individuals who also received a pension for non-SSA covered work via a modified formula for calculating an individual's own SSA benefit. The GPO similarly reduced spousal and survivor SSA benefits payable to those receiving a government pension, such as through CalSTRS. On January 5, 2025, President Biden signed the Social Security Fairness Act, which repealed these two provisions.”

2. Need for this bill?

According to the author, part-time community college employees sometime come to the education field after careers in other industries where they earned retirement credits in Social Security. They may be unaware of the potential personal implications of selecting the most common retirement options in the public education field: CalSTRS' Defined Benefit or Cash Balance plans or an alternative option, instead of Social Security. Those plans are excellent for employees who start their careers early and stay continuously in the education field. They may not provide much benefit for people who come later in their careers and may prevent those people from earning the 40 credits necessary to qualify for Social Security, since positions covered by those plans are typically excluded from Social Security. Since coverage under those plans means neither the employer nor the employee pay into Social Security, it may be tempting for the employee to elect those plans instead of Social Security and for the employer not to promote Social Security as an option. Thus, the employee who is unaware of the complicated interaction of these different retirement options may end up with very little retirement benefit and not enough credits to qualify for Social Security.

3. Proponent Arguments:

According to the California Federation of Teachers:

“New part-time faculty may not be aware of the long-term requirements, benefits, and drawbacks of the retirement benefits they can choose between. In many instances, these workers have accumulated decades of service credit in social security, and may not work as a part-time faculty member long enough so that starting over in a new pension system makes financial sense.”

“AB 2417 brings clarity, ensuring part-timers both have the option of Social Security and a basic understanding of what options they have for retirement planning. The bill accomplished the latter by asking the community college chancellor's office to work with CalSTRS to develop informational materials that cover the financial retirement options available to part-time college faculty. This way, newly employed educators will have the most relevant information at hand so they can make the best-informed decision for their own retirement security.”

4. Opponent Arguments:

None received.

5. Dual Referral: The Senate Rules Committee referred this bill to the Senate Labor, Public Employees and Retirement Committee and to the Senate Education Committee.**6. Prior Legislation:**

H.R. 82 (Graves-LA, 2025) repealed the federal Windfall Elimination Provision and Governmental Pension Offset provisions for Social Security benefit recipients.

AB 3221 (Gallegos, Chapter 383, Statutes of 1996) among other changes combining existing retirement election provisions, added employer notification requirements to Education Code section 22509.

AB 1298 (Ducheny, Chapter 592, Statutes of 1995) established the CalSTRS Cash Balance Plan, including the requirement for employers to inform employees of their right to elect membership in an alternative plan.

SUPPORT

California Federation of Teachers (Sponsor)
California Community College Independents
California Federation of Labor Unions
California School Employees Association
Faculty Association of California Community Colleges
Service Employee International Union, California

OPPOSITION

None received

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