

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON PUBLIC EMPLOYMENT AND RETIREMENT

Tina S. McKinnor, Chair

AB 2519 (McKinnor) – As Amended April 20, 2026

SUBJECT: Cash Balance Benefit Program: member election: filing timeframe

SUMMARY: Corrects an unintended consequence following enactment of Chapter 690, Statutes of 2024 (Assembly Bill 1997, McKinnor) that, among other things, defined “position subject to membership” where some positions at charter schools that were previously eligible for membership in the California State Teachers’ Retirement System (CalSTRS) were excluded under that definition. Specifically, **this bill:**

- 1) Expands, by including permitholders within, and clarifies the definition of, “position subject to membership” by adding provisions to existing law to include positions in charter schools as follows:
 - a) A position at a charter school eligible to receive state apportionment that is performing, directing, coordinating, supervising, or administering one or more functions listed in existing law, as specified, and is either of the following:
 - i) A position for which the charter school requires the holding of a valid credential, license, permit, or certificate authorized by the Commission on Teacher Credentialing (CTC) or the State Department of Health Care Services (DHCS) for the position.
 - ii) A position that, if it were at a county office of education or school district, not including a charter school, would require the holding of a valid credential, license, permit, or certificate authorized by the CTC or DHCS.
 - b) Requires, in a resolution adopted at a public meeting, the governing body of the charter school eligible to receive state apportionment to designate each position, as specified, that is a position subject to membership and to identify either one of the following:
 - i) The function or functions listed in existing law, as specified, that the position is performing.
 - ii) The function or functions listed in existing law, as specified, that the position is directing, coordinating, supervising, or administering.
 - c) Requires the resolution adopted by the governing body of the charter school to be in effect on the date of hire in the position or be retroactively effective to include the position as of the date of hire, whichever is later, but no earlier than the operative date of this section, as provided.
- 2) Maintains the operative date of the definition of “position subject to membership” as July 1, 2027.

EXISTING LAW:

- 1) Provides, pursuant to Section 17, art. XVI, Cal. Const., that "the members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the

system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administrating the system....”

- 2) Establishes CalSTRS which provides a Defined Benefit (DB) pension plan, a Defined Benefit Supplement (DBS) program, and a Cash Balance (CB) Benefit program to certificated school employees. CalSTRS is regulated by, and administers, certain sections of the Educ. Code, commonly referred to as the Teachers’ Retirement Law (TRL).
- 3) Establishes that the purposes of CalSTRS is to provide a financially sound plan for the retirement, with adequate retirement allowances, of teachers in the public schools of this state, and other persons employed in connection with the schools. (Section 22001, Educ. Code.)
- 4) Defines, includes, and expressly excludes the following from the definition of “position subject to membership” (Section 22156.07, Educ. Code):

a) Definition

- i) A position at a county office of education (COE) or school district, not including a charter school, that the governing body of the employer has designated in a resolution adopted at a public meeting as a position subject to members where a valid credential, license, or certificate authorized by the CTC or DHCS, is required. Further, the resolution must be in effect on the date of hire in the position or retroactively effective to include the position as of the date of hire, whichever is later, but not earlier, as prescribed.
- ii) A position at a COE or school district, including a charter school, that is included in a certificated bargaining unit (BU) represented by an exclusive representative, as prescribed. Further, the collective bargaining agreement must be in effect on the date of hire in the position or retroactively effective to include the position as of the date of hire, whichever is later, but not earlier, as prescribed.
- iii) A position at a charter school eligible to receive state apportionment where the position requires the holding of a CTC certificate, permit, or other document, as provided.
- iv) A position at a community college district (CCD) that is a faculty member; an academic position; an educational administrator; a position pursuant to a contract with the United States Department of Defense (U.S. DOD); a position as a superintendent of a California public school; and, a position that would otherwise be subject to membership in a different retirement system, as respectively prescribed for each.

b) Inclusions

As applied to positions in which a member performed creditable service before the operative date of the “position subject to membership” definition, and provided that the same member remains continuously employed to perform service in that position on and after the operative date of the same, the following positions must also be included in the definition:

- i) A position in which a member performed creditable service, as prescribed, and

- ii) A position in which the member performed certain prescribed activities. However, these specific inclusions must not apply to a member who becomes employed by the same or different employer in a new position on or after the operative date of these provisions, and as provided.
- c) Exclusions
- i) A position that would be subject to coverage in the CalSTRS DB program when held by a California Public Employees' Retirement System (CalPERS) member who elected coverage in the CalSTRS DB program;
 - ii) A position that is not employed by an employer or employing agency, as provided; and,
 - iii) A position at a COE or school district, including a charter school, that is included in a noncertificated BU represented by an exclusive representative, as prescribed.
- 5) Provides, among other things, that persons employed by a school district or county superintendent of schools in a position in which 50 percent or more of their duties performed during the school year consists in directing, coordinating, supervising, or administering functions must have a valid teaching or service credential, whichever is designated in CTC regulations authorizing the particular service, and expressly enumerates the types of functions. (Section 44065, Educ. Code.)
- 6) Establishes the Public Employees' Pension Reform Act (PEPRA) of 2013 – a comprehensive reform of public employee retirement that, among other things, increased contribution rates towards retirement, decreased retirement benefit formulas, and increased the age of retirement that apply to new members of the system first hired on or after January 1, 2013, and made changes that apply to all members towards resolving unfunded liabilities, manipulation of compensation for purposes of calculating a retirement allowance (e.g., pensions spiking and double-dipping), and included other prescribed best practice measures as a matter of prudent public policy. (Sections 7522.02 et seq., Gov. Code.)

FISCAL EFFECT: Unknown. This bill is flagged as fiscal by Legislative Counsel.

COMMENTS:

Brief Background Regarding CalSTRS

CalSTRS administers a hybrid retirement system consisting of traditional DB benefits, cash balance, and a voluntary defined contribution plan, as discussed below.

CalSTRS administers a DB Program that provides a lifetime monthly benefit upon attaining a combination of the requisite minimum years of age and service for retirement, commonly referred to as “vesting” or “vested.” Consisting of a combination of contributions from the state, employer, and employee, this benefit has varying formulas depending on when the employee began performing CalSTRS creditable service activities. The varying formulas, consisting of two, are a result of legislative enactment of the PEPRA. Regarding DB contribution rates, the employer contributes an amount equal to approximately 19.10 percent of the employee’s creditable compensation, and the State contributes approximately 8.328 percent of CalSTRS members’ annual creditable compensation, as well as approximately 2.5 percent of CalSTRS

members' earnings to pay for purchasing power protection.¹ Depending on what formula applies to the employee, employees contribute approximately 10.25 percent (for the 2 percent at 60 formula), or 10.205 percent (for the 2 percent at 62 formula) of their creditable earnings. Mandatory DB Program membership depends on the employee's status, the type of employer and, in some cases, whether the employer offers the CB Benefit Program. However, temporary and adjunct employees are excluded from *mandatory* membership.

CalSTRS' CB Program is a DB Supplement (DBS) where the employer's and employee's contributions on eligible earnings are credited to the employee's DBS account. This account accrues guaranteed interest and, when the CalSTRS Board declares, additional earnings credits. When the employee retires, they are eligible to receive a lump-sum payment or annuity based on the total account balance. This DBS Program is a cash balance plan for DB Program members for earnings in excess of one year in a school year and other specific compensation. CalSTRS' Cash Balance CB Program also is a retirement plan that employers can offer part-time educators, or another eligible retirement plan, as an alternative to the DB Program or social security. CalSTRS' Defined Contribution (DC) Plan, also called "Pension2," offers 403(b), 457(b), Roth 403(b), and Roth 457(b) investment plans for additional income in retirement. Open to all school employees, the amount an employee has at retirement depends on their contributions, investment gains and losses, and expenses. Typically, employees contribute 4 percent of their salary, and the employer must contribute an amount equal to at least 4 percent of the employee's salary.

Background Regarding This Bill

On a number of occasions over the years, payroll information reported to CalSTRS by various education employers was later determined by the system to be incorrect for purposes of calculating a retirement allowance. This often resulted in a required reduction to the retirement allowance of retirees due to retirement allowance overpayments based on that information – even though the employee who subsequently retired was not responsible for submitting that information to the system. This matter was addressed by Chapter 754, Statutes of 2022 (Assembly Bill 1667, Cooper), followed by Chapter 708, Statutes of 2023 (Senate Bill 327, Laird).

Following years of what some may refer to as "analysis paralysis" where CalSTRS performed substantially tedious and complex reviews and determinations of creditable service for purposes of a calculating a retirement allowance based on payroll information submitted to the system by employers, Assembly Bill 1997, *ibid.*, was intended to be a final measure following those two statutes to resolve administrative complexity for employers and the system that also benefitted CalSTRS members and retirees.

While intending to resolve administrative complexity to simplify those matters, that bill had an unintended effect of excluding certain positions, i.e., administrators, at some charter schools under its definition of "position subject to membership" where those positions previously were not excluded prior to the enactment of that statute.

It is noted that the bill did not remove or take away the pension or vested pension rights of affected individuals in those positions, but could affect their ability to continue earning service

¹ Purchasing power protection is a built-in protection against inflation, also referred to as inflation protection, to help ensure quality of living during retirement.

credit for purposes of retirement while employed in those positions. It is further noted that some charter school administrator positions may not require the holding of a CTC credential etc., even though comparable positions at non-charter schools might be subject to those requirements. However, that requirement did not exist prior to the enactment of that bill, and CTC credentialing requirements is extraneous to the underlying premise and purpose of this bill.

Author's Statement

“This bill simply corrects an unintended effect of my bill – AB 1997 from 2024. The ability of some positions at some charter schools that were previously included in the system, but were excluded while we focused on simplifying complexity for employers, CalSTRS, and it’s members and retirees, is something that we must correct for fairness purposes so that people in those positions can continue to earn service credit towards their retirement in the future.”

Comments by Supporters

Numerous supporters state, “[as] enacted, [Assembly Bill 1997, 2024] revised the criteria for participation in the CalSTRS system by shifting from a “creditable service” standard to a “position subject to membership” framework. While intended to streamline eligibility determinations, this change has had unintended consequences for charter public schools due to differences in how administrative roles are structured and classified. Absent a legislative fix, many charter school administrators who have historically participated in CalSTRS, and who continue to perform comparable duties to their traditional public school counterparts, will lose eligibility beginning July 1, 2027. This creates a clear inconsistency in retirement access between employees performing similar work in different public school settings. In addition, the change disrupts long-standing career pathways for educators. Charter school teachers, who previously could advance into leadership positions without sacrificing their retirement benefits, will now face a difficult choice between professional advancement and maintaining CalSTRS membership. This risks discouraging leadership development and complicating recruitment and retention efforts across the charter public school sector. [This bill] addresses this issue by ensuring continuity of eligibility for charter school employees who would otherwise be excluded under the revised framework. By doing so, the bill restores parity, preserves reasonable expectations for current members, and supports a stable and effective educator workforce.”

Comments by Opponents

None on file.

Prior or Related Legislation

Chapter 690, Statutes of 2024 (Assembly Bill 1997, McKinnor) amended key provisions of the Teachers’ Retirement Law (TRL) related to creditable compensation, creditable service, and the reporting of compensation, effective upon a date determined by CalSTRS, no later than July 1, 2027.

Chapter 708, Statutes of 2023 (Senate Bill 327, Laird) reduced, effective on a date no later than January 1, 2026, determined by CalSTRS, the timeframe that a member of the may backdate their service retirement or service retirement during evaluation of a disability application from as early as January 1, 2012, or June 1, 2014, respectively, to up to 270 calendar days prior to when CalSTRS receives their application.

Chapter 754, Statutes of 2022 (Assembly Bill 1667, Cooper) prescribed various requirements in connection with audits by CalSTRS of public agencies and members of the system; CalSTRS' interpretation and clarification of rules relating to creditable compensation; CalSTRS' review of compensation items included in a memorandum of understanding or collective bargaining agreement; errors relating employer reporting of compensation to the system; and, the recovery of payments, among other provisions.

REGISTERED SUPPORT / OPPOSITION:

Support

Achieve Charter Schools
Alder Grove Charter School
Allegiance Steam Academy
Alliance College-ready Public Schools
Alma Fuerte Public School
Alpha Public Schools
Altus Schools
American Heritage Charter Schools
Antioch Charter Academy II
APLUS+
Arts in Action Community Charter Schools
Aspen Public Schools, INC.
Big Picture Educational Academy
Birmingham Community Charter High School
Bridges Preparatory Academy
Bullis Charter School
California Charter Schools Association
California League of United Latin American Citizens
California Montessori Project
California Pacific Charter Schools
California Republic Leadership Academy
Camino Nuevo Charter Academy
CHAMPS Charter High School of the Arts
Charter Schools Development Center
CHIME Institute
Clarksville Charter School
Compass Charter Schools
Crossroads Charter Academy
CWC Los Angeles
Da Vinci Schools
Desert Trails Preparatory Academy
Discovery Charter Schools
Dual Language Immersion North County
Ednovate
Eel River Charter School
El Sol Science and Arts Academy
Environmental Charter Schools
EPIC Charter School

Equitas Academy Charter Schools
Excel Academy Charter School
Extera Public Schools
Fenton Charter Public Schools
Forest Charter School
Forest Ranch Charter
Gabriella Charter Schools
Gateway College and Career Academy
Gateway Community Charters
Girls Athletic Leadership Schools Los Angeles
Glacier High School Charter
Golden Valley Charter School
Gorman Learning Charter Network
Great Valley Academy
Greater San Diego Academy Charter School
Green DOT Public Schools
Griffin Technology Academies
Guajome Schools
Harvest Ridge Cooperative Charter School
Hawking STEAM Charter School
Heritage Peak Charter School
High Tech Los Angeles
Hometech Charter School
iLEAD CA Charters 1
iLEAD California
Ingenium Schools
Innovations Academy
Intellectual Virtues Academy High
Invictus Leadership Academy
ISANA Academies
JCS Family of Charter Schools
John Muir Charter Schools
Journey School
Julia Lee Performing Arts Academy
Kairos Public Schools
Kepler Neighborhood School
Kid Street Charter School
KIPP Public Schools Northern California
Lake County International Charter
Larchmont Charter School
Learning for Life Charter School
Leonardo da Vinci Health Sciences Charter School
Literacy First Charter School K12
Magnolia Public Schools
Maria Montessori Charter Academy
Matrix for Success Academy
Meadows Arts and Technology Elementary School
Method Schools
Montague Charter Academy

Motivated Youth Academy
Mountain Home School Charter
Multicultural Learning Center
National Action Network Sacramento
Natomas Charter School
Navigator Schools
New Heights Charter School
New Los Angeles Charter Schools
New Village Girls Academy
New West Charter
Northern United Charter Schools
Northwest Prep Charter School
Ocean Charter School
Odyssey Charter Schools
Olive Grove Charter School, Inc.
Orange County Academy of Sciences and Arts
Pacific View Charter School
Pasadena Rosebud Academy Charter School
PazLo Education Foundation
Port of Los Angeles High School
PUENTE Learning Center
Redwood Collegiate Academy
River Charter Schools
River Oaks Academy Charter School
Rocklin Academy Family of Schools
Sage Oak Charter Schools
San Diego Virtual School
San Jose Conservation Corps and Charter School
Santa Rosa French-American Charter School
Scholarship Prep
Sebastopol Independent Charter
Shasta Charter Academy
Sherman Thomas Charter School
Sherwood Montessori
SOAR Charter Academy
Sparrow Academy
Springs Charter Schools
STEM Prep Schools
Summit Public Schools
Sycamore Creek Community Charter School
Synergy Academies
TEACH Public Schools
Temecula Valley Charter School
The Cottonwood School
The Foundation for Hispanic Education
The Grove School
The Language Academy of Sacramento
The Learning Choice Academy
The O'Farrell Charter Schools

Urban Charter Schools Collective
Valley Charter School
Vaughn Next Century Learning Center
Ventura Charter School of Arts and Global Education
Vibrant Minds Charter School
Vista Charter Public Schools
Vox Collegiate
Western Sierra Charter Schools
Westlake Charter School
William Finch Charter School
WISH Community and Academy Schools
YES Charter Academy
YPI Charter Schools
Yuba County Career Preparatory Charter School

Opposition

None on file.

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