

California School Boards Association

September 11, 2012

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

**AB 340 (Furutani)
Request for Signature**



Dear Governor Brown:

On behalf of the California School Boards Association (CSBA), which represents nearly 1,000 school districts and county boards of education statewide, we are pleased to support AB 340 (Furutani) and respectfully request your signature when this measure reaches your desk.

CSBA supports all of the following changes that would be made by AB 340:

New Employees (Effective January 1, 2013)

- Increase in Retirement Age – AB 340 would increase the retirement age for members of the California State Teachers Retirement System (CalSTRS) from 60 to 62, and from 55 to 62 for classified school employees who are members of the California Public Employee Retirement System (CalPERS).
- Three-year Final Compensation – AB 340 would require final compensation for pension benefits to be determined by the highest average salary from 36 consecutive months.
- Limit Compensation for Pension Benefits to Regular Pay – AB 340 would require pension benefits to be based on regular, recurring pay and exclude allowances, bonuses, and other compensation.
- Share Pension Costs – AB 340 would require CalSTRS and CalPERS members to pay 50 percent of the normal cost of their pension benefits. Contributions for current classified school employees who are represented would be subject to collective bargaining.

Current Employees

- Limit Postretirement Employment – AB 340 would limit postretirement earnings for CalSTRS members to one-half the median final compensation of all members who retired during the fiscal year ending in the previous calendar year. CalPERS members would be limited to 960 hours per year.

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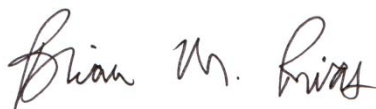
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- Eliminate Nonqualified Service Credit (Air Time) – AB 340 would eliminate purchasing of service credit for time not actually worked.
- Ban Pension Holidays – AB 340 would prohibit pension “holidays” (periods without employer or employee contributions).
- Prohibit Retroactive Benefit Increases – AB 340 would prohibit enhancements to benefits already earned.
- Require Felons to Forfeit Public Pensions – AB 340 would require felons to forfeit public pension benefits if the conviction is related to public employment.

CalPERS and CalSTRS estimate AB 340 would save their systems \$42 billion to \$55 billion, and \$22 billion, respectively over the next 30 years. Moreover, AB 340 will help to restore public confidence in public pension plans and improve the long term sustainability of those plans serving California’s school employees.

For all of these reasons, we are pleased to support AB 340 and respectfully request that you sign this bill when it crosses your desk.

Sincerely,



Brian M. Rivas
Legislative Advocate
Governmental Relations

cc: Assembly Member Warren T. Furutani
Gareth Elliot, Secretary, Office of Legislative Affairs
Sue Burr, Executive Director, State Board of Education
Cathy McBride, Office of Legislative Affairs
Nick Schweizer, Program Budget Manager, Education