

6300 State Contributions to the State Teachers' Retirement System

The state General Fund makes annual payments to the California State Teachers' Retirement System (CalSTRS) in order to reduce the retirement contribution burden on members and school districts.

Effective July 1, 2003, the annual General Fund contribution to the CalSTRS Defined Benefit Program is based on 2.017 percent of the members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. Current law also provides for an additional state contribution when the State Teachers' Retirement Fund has a normal cost deficit or unfunded obligation for benefits in place on July 1, 1990. This contribution is 0.524 percent of the members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. If the unfunded obligation continues, the 0.524 percent factor may be adjusted upwards annually in increments of no more than 0.25 percent and is capped at 1.505 percent of members' creditable earnings of the fiscal year ending in the immediately preceding calendar year. No state contribution is required for this purpose in 2009-10. The state contributions are not appropriated through the annual Budget Act.

The Supplemental Benefit Maintenance Account (SBMA) was established in 1989 to maintain purchasing power of retired members. In 2001, the purchasing power threshold was increased from 75 percent to 80 percent of the value of the original benefit. In 2008, the purchasing power threshold was increased up to 85 percent, subject to the availability of funds. The General Fund provides a statutory transfer to the SBMA of an amount equal to 2.5 percent of the members' creditable earnings of the fiscal year ending in the immediately preceding calendar year, less a specified amount. If, at anytime, the funds in the SBMA are insufficient to support 80 percent purchasing power, the Teachers' Retirement Board can: (1) transfer funds from the Teachers' Retirement Fund if no CalSTRS unfunded obligation exists; (2) increase employer contributions; or (3) reduce the SBMA benefit payment. The state's basic contributions are not appropriated through the annual Budget Act. Any increase in employer contributions must be approved through the Budget Act.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
10 Benefits Funding	-	-	-	\$501,416	\$535,603	\$563,121
20 Supplemental Benefits Maintenance	-	-	-	1,121,501	597,474	627,955
30 SBMA Interest Payment	-	-	-	-	-	56,980
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	-	-	-	\$1,622,917	\$1,133,077	\$1,248,056
FUNDING				2007-08*	2008-09*	2009-10*
0001 General Fund				\$1,622,917	\$1,133,077	\$1,248,056
TOTALS, EXPENDITURES, ALL FUNDS				\$1,622,917	\$1,133,077	\$1,248,056

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code, Title 1, Division 1, Part 13, Chapter 16.

DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• SBMA Interest	\$-	\$-	-	\$56,980	\$-	-
• Revised Creditable Compensation	-	-	-	54,999	-	-
• SBMA Compromise	-	-	-	3,000	-	-
Totals, Other Workload Budget Adjustments	\$-	\$-	-	\$114,979	\$-	-
Totals, Workload Budget Adjustments	\$-	\$-	-	\$114,979	\$-	-
Totals, Budget Adjustments	\$-	\$-	-	\$114,979	\$-	-

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

2 LOCAL ASSISTANCE	2007-08*	2008-09*	2009-10*
0001 General Fund			

* Dollars in thousands

6300 State Contributions to the State Teachers' Retirement System - Continued

2 LOCAL ASSISTANCE	2007-08*	2008-09*	2009-10*
APPROPRIATIONS			
Education Code Section 22955(a) (Benefits Funding)	\$501,416	\$535,603	\$563,121
Education Code Sec 22954 (Supplemental Benefit Maintenance Account)	1,121,501	597,474	627,955
Education Code Sec 22954.5 (Supplemental Benefit Maintenance Account)	-	-	56,980
TOTALS, EXPENDITURES	<u>\$1,622,917</u>	<u>\$1,133,077</u>	<u>\$1,248,056</u>
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$1,622,917	\$1,133,077	\$1,248,056
