

SEA WAVES

What's New at SEA's first Executive Board meeting?

School Board Candidate Interviews — On August 26, school board candidate interviews were conducted by a panel of SEA and CSEA members. Four of the six candidates (Scott Blough, Jeanne Davis, Bill Daniels and Elaine Litster) were interviewed by the panel. The remaining two school board candidates, Josie Hirsch and Daniel Ratner, did not contact the SEA office for an interview, and therefore, will not be considered for recommendation by SEA.

After a spirited discussion, the SEA Executive Board voted to invite the four candidates back for a second interview with the panel before deciding on which two candidate names are brought forward to the SEA Rep Council. The interview panel's recommendation will be based on several factors — including each candidate's support of public education, knowledge of our district's programs, budget and school needs, electability, and finally their understanding of collective bargaining and the role of SEA in the district.

The Rep Council will meet on Wednesday, Sept 3rd, to hear and vote on the panel and Executive Board's recommendations for school board. After the vote, a press release will be sent to all members and the local newspapers, and our internal campaign will begin.

SEA's Office New Location— As we lose students in the district we also decrease the size of our membership. Therefore, we have downsized the SEA office to a smaller office in the same building to save money. SEA's location continues to be office space #106, but SEA is now located down the hall from our prior office. Also, the new office cannot accommodate Rep Council meetings. Therefore, Rep Council meetings will be held at Arroyo Elementary School, Room 301, in the professional development building. More information will be emailed to all reps prior to the meeting.

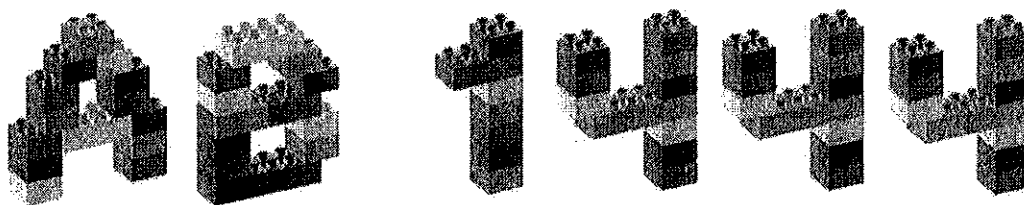
Did You Know Kindergarten Is Not Mandatory For All Students? CTA is on a continual quest to give all students the same learning foundation as they enter first grade by making kindergarten mandatory. Presently, attending kindergarten is a choice. This bill would require completion of kindergarten before entering first grade.

Assembly Bill 1444, CTA sponsored legislation, is headed to the Governor for his signature. Your contacts to the Governor's office will be crucial to boost the chances that he will sign the measure. Please see the back of this newsletter for more information.

You may also visit the CTA website and send your support online. Go to www.cta.org. Click on "Issues and Action" — Click on "Take Action" — Locate AB 1444 and click on "Take Action". Thank you in advance for your support!

Correction in our last SEA Waves. On our back of our last SEA Waves on August 22nd, we listed the California Casualty phone number incorrectly. The phone number previously listed began with 800 and should have been 888. If you interested in getting an auto, home or renters quote, please call 1-888-354-6370. Sorry for the inconvenience.

Questions or Concerns? Contact Dayle Gillick, SEA President,
at 526 5668, or email: seducators@aol.com



Remember learning your ABCs and how to count? Learning to play well with others? These are just some of the building blocks of kindergarten that are essential to building a solid educational foundation. Not all California students get the tools they need to start first grade ready to learn. That's because kindergarten isn't mandatory. It doesn't have to be that way. CTA-sponsored AB 1444 can help by requiring kindergarten for all students.

You can help our youngest students get the building blocks they need to begin school prepared.

Call the Governor today!

CTA's only sponsored legislation for 2014, AB 1444, is going to the Governor for his consideration, but the Governor has indicated his opposition to AB 1444. The implementation of mandatory kindergarten is all about changing the Governor's mind or working out a compromise with the Governor to support mandatory kindergarten in the future.

Key Point

Providing students with a quality education beginning the very moment they get to our schools is necessary for students to begin mastering critical skills before they get to first grade.

CTA is asking its members to reach-out to colleagues, family members, friends, community, and business contacts to communicate to the Governor their support of AB 1444. Call or fax letters of support to the Governor at:

Governor Edmund "Jerry" Brown
The State Capitol
Sacramento, CA 95814

(916) 445-2841 (office phone)
(916) 558-3160 (office fax)



...Your calls WILL make the difference!

CalSTRS 2014 Funding Plan

New legislation enacted in Chapter 47, Statutes of 2014 (Assembly Bill 1469–Bonta), fully funds the CalSTRS Defined Benefit Program in 32 years through shared contribution increases among the program's three contributors, CalSTRS members, employers and the State of California. Defined Benefit Program contribution rate increases for all contributing parties will be incrementally phased in over the next several years with the first increases taking effect July 1, 2014.

In exchange for member contribution rate increases, the CalSTRS 2014 Funding Plan in AB 1469 guarantees the 2 percent Annual Benefit Adjustment, which provides a comparable, offsetting advantage required by law. Prior to this historic legislation, contributions for members had not been increased in 42 years. Statutory funding in the 2014 funding plan is predicated on the financial assumption that CalSTRS will earn a 7.5 percent annual rate of return throughout the life cycle of the plan.

CalSTRS Member Contribution Rate Increases

Member contribution increases will be phased in over the next three years and increase by an additional 2.25 percent of payroll for CalSTRS 2% at 60 members, and an additional 1.205 percent for CalSTRS 2% at 62 members.

Effective Date	Prior Rate	AB 1469 Increases	
	All members	2% at 60 Members	2% at 62 Members*
July 1, 2014	8%	8.15%	8.15%
July 1, 2015	8%	9.20%	8.56%*
July 1, 2016	8%	10.25%	9.205%*

*The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits. The contribution rate shown in future years assumes no change in normal cost.

CalSTRS members who perform creditable service on or after January 1, 2014, will receive a guarantee of the existing 2 percent Annual Benefit Adjustment, also referred to as the improvement factor. Under the new legislation, the 2 percent improvement factor cannot be reduced for members who retire on or after January 1, 2014. For members who retired prior to January 1, 2014, the funding legislation does not change the improvement factor benefit.

CalSTRS Employer Contribution Rate Increases

Effective Date	Prior Rate	AB 1469 Increases	
		Increase	Total
July 1, 2014	8.25%	0.63%	8.88%
July 1, 2015	8.25%	2.48%	10.73%
July 1, 2016	8.25%	4.33%	12.58%
July 1, 2017	8.25%	6.18%	14.43%
July 1, 2018	8.25%	8.03%	16.28%
July 1, 2019	8.25%	9.88%	18.13%
July 1, 2020	8.25%	10.85%	19.10%
July 1, 2046	8.25%	Increase from prior rate ceases in 2046-47	

Summary of AB 340, the California Public Employees' Pension Reform Act of 2013 and its Impact on CalSTRS Members

Reform Title	AB 340	Impact on CalSTRS Members	Applies To:
1. Require Equal Sharing of Pension Costs	Requires members under the 2% at 62 benefit structure to pay 50% of the normal, ongoing cost of benefits.	Moderate. The 2% at 62 member contribution rate is 8% for 2012-13, 2% at 60 benefit structure members pay 8% in contributions, equal to 44% of normal costs.	2% at 62 members
2. Places a Cap on Compensation used to Calculate a Defined Benefit	Places a cap equal to 120% of the Social Security wage base on compensation earnable. The cap is adjusted each year based on changes to the Consumer Price Index for All Urban Consumers. An employer may provide a contribution to a defined contribution plan on compensation in excess of the cap.	Significant impact to a minimal number of members. The cap significantly affects members who earn above 120% of the Social Security wage base (or \$136,440 in 2013). Approximately 4,500 current members make more than that amount.	2% at 62 members
3. Change Age Factors and Eliminate Career Factor	Changes the normal retirement age from 60 to 62 with a 2% age factor. Changes the maximum age factor from 2.4% at age 63 to 2.4% at age 65. Changes the age factor for early retirement at age 55 with five years of service from 1.4% to 1.16%. Eliminates the ability for members with 30 years of service to retire as early as age 50. Eliminates the career factor.	Significant impact to a significant number of members. For 2% at 60 members, normal retirement age is 60, and the maximum age factor is 2.4% at age 63. Actual average retirement age is about 62. Age factors will be lower for 2% at 62 members retiring before age 65. The career factor applies to 2% at 60 members with 30 or more years of service, which represents about 39% of recently retired members.	2% at 62 members
4. Require Three-Year Final Compensation	Extends the final compensation period to three years for all new members, regardless of years of service.	Moderate impact to a significant number of members. 2% at 60 members who retire with 25 years of service have their final compensation based on the highest 12 consecutive months of average annual compensation. Approximately 52% of recently retired members qualify for the one-year calculation.	2% at 62 members
5. Eliminate Replacement Benefits Program	Limits benefits from the Defined Benefit Program to the federal 415 limit (\$175,432 at age 65 in 2013).	Significant impact to a minimal number of members. Federal law allows payment of benefits in excess of the 415 limit. There are 317 members currently receiving benefits under this provision.	2% at 62 members

Reform Title	AB 340	Impact on CalSTRS Members	Applies To:
6. Calculate Benefits Based on Regular, Recurring Pay	Excludes allowances, bonuses and cash in lieu from the Defined Benefit Program.	Significant Impact to a minimal number of members. Compensation related to overtime work, such as summer school or after school activities, is already not counted toward the Defined Benefit Program. Allowances (auto and housing), bonuses and cash in lieu no longer count toward any benefit for members under the 2% at 62 benefit structure.	2% at 62 members
7. Limit Post-Retirement Employment	Extends the \$0 earnings limit to all members during the first 180 days of retirement. Extends a very limited earnings limit exemption until June 30, 2014, and includes additional restrictions based on the receipt of retirement incentives.	Moderate Impact to minimal number of members. The earnings limit is \$40,014 in 2012-13, and \$39,903 in 2013-14, based on 50% of the median final compensation for recently retired members. Only 1,100 retired members earned over the limit in 2010-11.	All retired and active members who retire on or after Jan. 1, 2013.
8. Felons Forfeit Pension Benefits	Requires that a member forfeit pension and related benefits if convicted of a felony in carrying out official duties, in seeking an elected office or appointment or in connection with obtaining salary or pension benefits.	Minimal. Previously, only elected members had forfeiture requirements, but felony convictions are very rare.	All active members
9. Prohibit Retroactive Benefit Increases	Prohibits applying pension improvements to prior service.	No immediate impact. In the past, when pension benefits were improved, the improvement usually would apply to service that was performed in the past as well as future service.	All retired and active members
10. Prohibit Pension Holidays	Prohibits all employers from suspending employer and/or employee contributions necessary to fund annual pension costs. Contributions may not be less than the normal cost.	Minimal. CalSTRS contributions are currently fixed in statute and cannot be reduced without legislation. The only reductions have been in 1998 and 2000 when the state reduced its contribution from 4.607% to the current level of 2.791%. However, since 2002, the contributions fixed in statute that are paid by the state (as plan sponsor) and the employers have been less than the amounts required actuarially to fund CalSTRS in full.	All active members
11. Prohibit Purchase of Nonqualified Service	Prohibits the purchase of nonqualified service, or a time for requests submitted on or after January 1, 2013.	Moderate Impact to minimal number of members. Prior to 2013, members could purchase up to five years of nonqualified service (as allowed by the IRS) and pay the entire cost based on the actuarial assumptions. About 700 members purchase this type of service each year.	All active members

All changes take effect January 1, 2013

