

Employer Contribution Rate for Elected Officials of Employee Organizations

SUBJECT

Adoption of the Employer Contribution Rate for Elected Officials of Employee Organizations for Fiscal Year 2026-27.

SUMMARY

The "Employer Contribution Rate for Elected Officials" is used to charge the employer for service credit granted to a member for an approved leave of absence to serve as an elected official of an employee organization.

During the leave of absence, the member contributes the amount that would have been contributed if they had continued to perform service in the position on a full-time basis. The employer contributes an amount based upon the salary that the member would have been paid if employed full-time. During the leave of absence, the employer contributes at the Employer Contribution Rate for Elected Officials, as specified by the board pursuant to Section 22711 of the Education Code. In fiscal year 2024-25, 41 members were credited with service under this section.

Under board policy, the employer contribution rate for elected officials of employee organizations is the greater of (1) the normal cost of the member's benefit structure, less the member contribution rate, and (2) the employer contribution rate in effect for all other service credit.

Members whose benefit is based on the 2% at 62 formula, those hired after January 1, 2013, have a lower benefit and normal cost than members under the 2% at 60 formula. Therefore, it is appropriate to use the normal cost specific to the CalSTRS 2% at 62 members when determining the contribution rate for these members.

The actuarial valuation of the Defined Benefit Program as of June 30, 2025, which will be presented to the board at the May 2026 Regular Meeting, determined the normal cost rate, as of June 30, 2025, to be equal to 20.982% of member payroll for CalSTRS 2% at 60 members and 18.345% of member payroll for CalSTRS 2% at 62 members.

As per board policy, the Employer Contribution Rate for the Elected Officials of Employee Organizations for fiscal year 2026-27 should be set equal to the employer contribution to the Defined Benefit Program in effect for fiscal year 2026-27 to the extent that rate exceeds the normal cost of the member's benefit structure, less the member contribution rate. The table below was prepared based on the employer supplemental contribution rate for fiscal year 2026-27 recommended as part of a separate agenda item discussing the actuarial valuation of the Defined Benefit Program.

Fiscal Year 2026-27 Contribution Rate Thresholds	CalSTRS 2% at 60	CalSTRS 2% at 62
1. Normal Cost Rate for FY 2026-27	20.982%	18.345%
2. Member Contribution Rate for FY 2026-27	10.250%	10.205%
3. Minimum Contribution Rate Thresholds (1 minus 2)	10.732%	8.140%
4. Employer Contribution Rates for FY 2026-27	19.100%	19.100%
Employer Contribution Rate for Elected Officials of Employee Organizations (greater of 3 and 4)	19.100%	19.100%

As shown above, the Employer Contribution Rate for the Elected Officials of Employee Organizations for fiscal year 2026-27 should be 19.1% for both the CalSTRS 2% at 60 and the CalSTRS 2% at 62 members.

RECOMMENDATION

Staff recommends that the Employer Contribution Rate for Elected Officials for fiscal year 2026-27 be set equal to 19.1% of payroll, which is the employer contribution rate for the Defined Benefit Program in effect for fiscal year 2026-27.

RESOLUTION OF THE
TEACHERS' RETIREMENT BOARD

SUBJECT: Adoption of Employer Contribution Rate for Elected Officials of Employee Organizations for Fiscal Year 2026-27

RESOLUTION NO. XX-XX

WHEREAS, Section 22711 of the Education Code requires that the Teachers' Retirement Board adopt the Employer Contribution Rate for Elected Officials of Employee Organizations; and

WHEREAS, the Teachers' Retirement Board adopted a policy to base the rate on the greater of (1) the normal cost of the member's benefit structure, less the member contribution rate, and (2) the employer contribution rate in effect for all other service credit; and

WHEREAS, for fiscal year 2026-27, the difference between the normal cost of the member's benefit structure and less the member contribution rate is 10.732% for 2% at 60 members and 8.140% for 2% at 62 members; and

WHEREAS, the proposed employer contribution rate of 19.1% in fiscal year 2026-27 is greater than the normal cost rate less the member contribution rate for both the 2% at 60 and 2% at 62 members; therefore, be it

RESOLVED that the Teachers' Retirement Board adopts the Employer Contribution Rate of 19.1% for the CalSTRS 2% at 60 and the CalSTRS 2% at 62 members for compensated leaves of absence for service as Elected Officials of Employee Organizations for fiscal year 2026-27.

Adopted by:
Teachers' Retirement Board
On May 28, 2026

Cassandra Lichnock
Chief Executive Officer

Reviewed by:

Brian J. Bartow
General Counsel