

June 13, 2014

Mr. Jack Ehnes
Chief Executive Officer
California State Teachers' Retirement System
P. O. Box 15275
Sacramento, CA 95851-0275

RE: Information Circular Volume 28; Issue 1

Dear Mr. Ehnes:

On behalf of the K-12 school and community college membership associations noted above, we are writing to formally request CalSTRS hold in abeyance any administrative proceedings related to current or retired administrators whose membership in CalSTRS has come into question since the issuance of Information Circular Volume 28; Issue 1.

For decades, school and community college districts have interpreted California Education Codes in good faith and have classified certain administrative positions as performing CalSTRS creditable service and thus eligibility for participation in the CalSTRS retirement system. It was not until the issuance of this Circular that the subject has been raised as a problem at a statewide level.

Now, these individuals, and the districts they serve, who have made their retirement contributions to CalSTRS faithfully each month, year after year, are facing an uncertain future. These are members who engaged in no wrongdoing, made their contributions each month, continue to receive their CalSTRS Retirement Benefit Statement each year, but who may learn that those statements have been meaningless.

We thank you for your office meeting with representatives from our associations in February and agreeing to work collaboratively to resolve this situation. We also thank CalSTRS for opening up an amnesty window to allow individuals who previously worked in an unquestionably CalSTRS-eligible position to retroactively elect to stay in CalSTRS. That solution went a long way to resolving the issue—but more needs to be done.

A number of letters have been sent by CalSTRS to administrators who are in those positions that are now in question. The letters essentially notify them that they are being removed from CalSTRS. As you might imagine, it has created a great deal of apprehension among those members and others who feel they too are at risk.

We are requesting that CalSTRS temporarily cease issuing any further notifications of removal to current or retired administrators affected by this Circular while a solution to remedy the issue is designed. The situation is a complicated one, with potential ramifications to other retirement systems, and we appreciate that a solution agreeable to all parties may take time to develop. We believe it is reasonable to hold further actions that would potentially be reversed once a solution is reached. This would also alleviate the growing anxiety that many long-term CalSTRS members are currently facing. Holding further actions would also avoid diverting valuable resources to costly appeals or litigation. Finally, the focus right now on CalSTRS should be to address the unfunded liability, and not be diverted to a matter that can be collaboratively resolved.

We look forward to hearing from you regarding our request and appreciate the consideration you will give this matter.



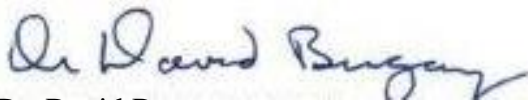
Susan K. Bray
Executive Director, Association of California Community College Administrators



Dr. Wesley Smith
Executive Director, Association of California School Administrators



Bonnie Ann Dowd
President, Association of Chief Business Officials



Dr. David Bugay
President, Association of Chief Human Resource Officers



Molly McGee Hewitt
Executive Director, California Association of School Business Officials

cc: Ed Derman, Deputy Chief Executive Officer
Cassandra Lichnock, Chief Operating Officer
Michelle McKay Underwood, Legislative Advocate, ACCCA