



California State Teachers'
Retirement System
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March 26, 2024

TO: All County Superintendents of Schools
District Superintendents of Schools
Community College Districts
Charter Schools and
Other Employing Agencies

FROM: Cassandra Lichnock
EXECUTIVE OFFICE

SUBJECT: Employer Directive 2024-02
Supersedes Employer Directive 2017-06
Reporting Sick Leave as Provided by the Healthy Workplaces, Healthy Families
Act of 2014

PURPOSE:

This directive provides employers direction regarding reporting the use of sick leave as provided by the Healthy Workplaces, Healthy Families Act of 2014.

SCOPE:

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs persons to perform creditable service or retired member/participant activities under the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs.

DISCUSSION:

The Healthy Workplaces, Healthy Families Act of 2014 enacted by Chapter 317, Statutes of 2014 (Secs. 245 to 249, and 2810.5, Labor Code; Assembly Bill 1522), became effective July 1, 2015. With the passage of the bill, substitute, temporary, and hourly or daily employees performing service subject to coverage by the Defined Benefit and Cash Balance Benefit programs, and members or participants who are working while receiving a CalSTRS benefit, are required to accrue paid sick leave.

When compensation is paid for the use of sick leave while performing service subject to coverage by the Defined Benefit Program or the Cash Balance Benefit Program, the compensation associated with the use of paid sick leave is creditable to the Defined Benefit

Program or the Cash Balance Benefit Program, respectively (Education Code sections 22119.2, 22119.3, 26139 and 26139.5).

When compensation is paid for the use of sick leave while performing service subject to coverage by the Defined Benefit Program, the leave is considered service toward the requirements for mandatory membership in the Defined Benefit Program as outlined in Education Code sections 22502, 22503 and 22504.

Unused sick leave can be converted to service credit at retirement for members of the Defined Benefit Program pursuant to Education Code section 22717 if reported by the employer on the *Express Benefit Report* (SR0554E). "Sick leave days" are defined in Education Code section 22170.5. Basic sick leave is limited to 12 days in a school year per employee, per employer. Sick leave earned by an employee for an employer in excess of 12 days in a school year is considered excess sick leave.

When compensation is paid for the use of sick leave while performing retired member or retired participant activities, the compensation is subject to the separation-from-service requirement and the annual postretirement earnings limitation as outlined in Education Code sections 24214, 24214.5 and 26812. Compensation for this sick leave is reported for postretirement payroll purposes only. Unused sick leave granted for performing retired member or retired participant activities is not eligible for service credit conversion and cannot be reported on the *Express Benefit Report* (SR0554E) for retired members of the Defined Benefit Program. Service credit is not a factor in calculating Cash Balance Benefit Program benefits.

ACTION:

For purposes of administering the Defined Benefit Program mandatory membership thresholds, reporting unused sick leave at retirement for Defined Benefit Program members, and reporting retired member and retired participant activities, the sick leave that has accrued as a result of the Healthy Workplaces, Healthy Families Act of 2014 is treated in the same manner as all other sick leave.

For mandatory membership thresholds, employers must report compensation for the use of all paid sick leave for nonmembers and include this leave toward the applicable threshold when determining mandatory membership in the Defined Benefit Program. Compensation for the relinquishment of unused accumulated leave is not creditable compensation per Education Code sections 22119.2(d)(4) and 22119.3(c)(4).

At retirement, employers must report all unused sick leave a Defined Benefit Program member has accumulated to CalSTRS on the *Express Benefit Report* (SR0554E) form. The form is due within 30 days of the member's retirement date or the date the application for retirement is received by CalSTRS, whichever is later, in accordance with Education Code sections 22717 and 22718. In the event a member dies before retirement, report all unused sick leave to CalSTRS on the *Survivor Benefits Employment Termination and Sick Leave Report* (SB0554).

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Employers must report compensation associated with the use of all paid sick leave for retired members and retired participants who are performing retired member or retired participant activities.

If you have any questions regarding this Employer Directive, please contact your CalSTRS Employer Services representative at EmployerHelp@CalSTRS.com or 877-277-5778.

For questions specific to the *Express Benefit Report* form, email ExpressBenReport@CalSTRS.com.

This Employer Directive does not take precedence over the law.