

New Law Clarifies That Paid Administrative Leave is Creditable for CalSTRS

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Written by:

Thomas R. Manniello
Partner
Monterey

Janae D. Castellani
Associate
Fresno

The following Client News Brief provides an update regarding how paid administrative leave and other discretionary leaves granted by public school employers will be treated in the California Teachers' Retirement System (CalSTRS). Earlier this year, Lozano Smith published [Client News Brief Number 10](#), explaining the history of this issue and recent developments, and explained that the matter was under review by CalSTRS.

Due to the significant concerns that were raised by many groups in response to the restrictive position taken by CalSTRS in its January 23, 2020 Circular Letter that paid administrative leave was not creditable compensation under the Teachers' Retirement Law, CalSTRS responded by sponsoring new legislation to address these concerns. Assembly Bill 2101, signed into law on September 29, 2020, amended Education Code section 22144.3 and expanded the definition of "leave of absence" included in the Teachers' Retirement Law. The new definition makes it clear that employer-approved compensated leaves, such as paid administrative leave, do count for service credit in the CalSTRS system and the corresponding compensation qualifies as creditable compensation. In addition, this amendment applies retroactively to any paid administrative leave taken on or after January 1, 2016, resulting in certain paid leaves that were previously excluded by the statute now considered as creditable.

Note that these statutory amendments do not impact lump sum severance arrangements, which still do not count for purposes of retirement in the CalSTRS system.

For questions regarding AB 2101's impact on your school district's current practices or to discuss any other labor and employment issues, please contact the authors of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also subscribe to our [podcast](#), follow us on [Facebook](#), [Twitter](#) and [LinkedIn](#) or download our [mobile app](#).

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