

SECTION 1. Add Section 22950.6 to the Education Code:

(a) The Department of Finance shall direct the Controller to transfer \$3 billion (\$3,000,000,000) in 2018-19 to the Teachers' Retirement Fund from the General Fund for the Defined Benefit Program. The payment to the Teachers' Retirement Fund shall be apportioned as follows:

(1) A dollar amount to pay in advance, on behalf of employers, part of the contributions required by employers for fiscal year 2019-20, such that it will result in employers having to contribute 1 percentage point less in fiscal year 2019-20 than the percentage set by paragraph (6) of subdivision (a) of Section 22950.5 of the Education Code.

(2) A dollar amount to pay in advance, on behalf of employers, part of the contributions required by employers for fiscal year 2020-21, such that it will result in employers having to contribute 1 percentage point less in fiscal year 2020-21 than the percentage set by paragraph (7) of subdivision (a) of Section 22950.5 of the Education Code.

(3) The remainder of the payment that has not been committed to the purposes specified in paragraphs (1) and (2) shall be allocated to reduce the employers' share of the unfunded actuarial obligation determined pursuant to Education Code Section 22950.5.

(b) The schedule provided by the Department of Finance shall specify the timing and the amounts of transfers to the Teachers' Retirement Fund.

SECTION 2. Add Section 22955.2 to the Education Code:

(a) In addition to the appropriation required pursuant to Section 22955.1 of the Education Code, the Department of Finance may direct the Controller to transfer up to the amount identified for appropriation pursuant to subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution equivalent to the amount described in paragraph (3) of subdivision (d) of Section 35.50 of the annual Budget Act to supplement the state's appropriation to the Teachers' Retirement Fund.

(b) The Department of Finance shall direct the Controller to transfer the amount specified in paragraph (a) to the Teachers' Retirement Fund.

(c) The supplemental payment described in this section is for the state's unfunded actuarial obligation determined pursuant to Section 22955.1 of the Education Code and is in excess of current appropriation. Therefore, any amount transferred to a fund identified in subdivision (b) constitutes an obligation pursuant to subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution.

(d) The Department of Finance shall provide the Controller a schedule of the timing and amounts to be used for purposes of this section.