

# **Bond Case Briefs**

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## **PUBLIC PENSIONS - CALIFORNIA**

### **Baxter v. California State Teachers' Retirement System**

**Court of Appeal, Sixth District, California - December 12, 2017 - Cal.Rptr.3d - 18  
Cal.App.5th 340 - 2017 WL 6329714**

Retired teachers brought petition for peremptory writ of administrative mandamus, seeking to compel California State Teachers' Retirement System (CalSTRS) to resume paying retirement benefits at original monthly amounts, after CalSTRS reduced payments to recoup alleged overpayments.

The Superior Court granted petition. CalSTRS appealed.

The Court of Appeal held that:

- Statute of limitations for adjustment of errors with respect to benefits paid by CalSTRS incorporates discovery rule and thus is triggered when the claimant has actual or inquiry notice of the incorrect payment;
- Memorandum from school district budget analyst to county office of education, regarding disputed classification of certain class for purposes of determining teachers' retirement base, provided inquiry notice to county office regarding possibly incorrect retirement benefit payments to teachers, thereby triggering statute of limitations for CalSTRS to bring action to recover alleged overpayments;
- CalSTRS's mailing of final audit report did not constitute the commencement of an action; and
- Continuous accrual theory of limitations applied to action.

Evidence was sufficient to support finding that county office of education was ostensible agent of California State Teachers' Retirement System (CalSTRS), as would support determination that information imparted to county office in memorandum from school district budget analyst, regarding disputed classification of certain class for purposes of determining teachers' retirement base, should be imputed to CalSTRS in determining date of accrual statute of limitations for CalSTRS to recoup alleged overpayments of retirement benefits; CalSTRS counselors met with teachers at county office, counselors would access CalSTRS data through county office's computers, and school districts were instructed to direct questions about CalSTRS directives to county office rather than to CalSTRS.

Memorandum from school district budget analyst to county office of education, regarding disputed classification of certain class for purposes of determining teachers' retirement base, provided inquiry notice to county office regarding possibly incorrect retirement benefit payments to teachers, thereby triggering statute of limitations for California State Teachers' Retirement System (CalSTRS), of which county office was an agent, to commence action to recoup incorrect payments; memorandum rendered county office aware, at minimum, of potential problem with how retirement benefits were being calculated for district teachers who had elected to work an extra period.

Mailing of final audit report from California State Teachers' Retirement System (CalSTRS) did not constitute the commencement of an action, as would be required to toll statute of limitations for actions to recoup incorrect retirement benefit payments; mailing of report did not initiate a

proceeding of any kind.

Reduction of future monthly retirement benefit payments to retired teachers, by California State Teachers' Retirement System (CalSTRS), did not constitute the commencement of an action, as would be required to toll statute of limitations for actions to recoup incorrect retirement payments; reduction was not analogous to initiation of a lawsuit and did not seek declaration, enforcement, or protection of a right.

Filing of pleading entitled "Statement of Issues" with Office of Administrative Hearings, by California State Teachers' Retirement System (CalSTRS), constituted the commencement of an action, as would be required to toll statute of limitations for actions to recoup incorrect retirement payments; just as a civil action was commenced by complaint or petition, an administrative adjudicatory proceeding was initiated by statement of issues.

Continuous accrual theory of limitations applied to action by California State Teachers' Retirement System (CalSTRS) to recoup alleged overpayment of monthly retirement benefits to teachers; right of each teacher to receive monthly payments, and obligation of CalSTRS to disburse them, were continuing rights that accrued when such payments became due.