Frequently Asked Questions (FAQ)
SB 84 Supplemental Payment Obligations

1. What is SB 84?
SB 84 [Chapter 50, Statutes of 2017 (SB 84)] authorized a one-time supplemental payment to the California Public Employees' Retirement System (CalPERS) through a loan from the Pooled Money Investment Account (PMIA). The purpose of the legislation was to reduce the long-term growth of the State's pension obligations. As previously communicated in Circular Letter D2019-04, a proportionate share of this obligation was allocated to each District Agricultural Association (DAA) that participates in the state's retirement plans based on its 2016–17 CalPERS employer retirement contributions.

Additional Resources:
- Legislative Analyst Office (LAO): The 2018-19 Budget: Repaying the CalPERS Borrowing Plan
- Bill Text: SB-84 Public Employees' Retirement Fund: state employer contributions: supplemental payment.

2. Why is my DAA receiving an invoice now?
When the SB 84 loan was established in 2017-18, the state did not require DAAs to repay their share of the loan balance because of their fiscal conditions at the time. The state's General Fund has been paying for the interest associated with DAAs' balance since then. As the statutorily required repayment deadline of June 30, 2030, approaches, DAAs will need to repay their shares of the loan before that date.

4. How was my repayment amount calculated?
As required by SB 84, each DAA's obligation was determined by the California Department of Finance (Finance) based on its proportionate share of employer retirement contributions made to CalPERS during FY 2016–17.

5. What is the total obligation for the DAA network?
The total outstanding responsible share of the SB 84 loan for the DAA network is **$9,751,000**. Interest will start accruing on July 1, 2027, based on the outstanding balance at the beginning of the fiscal year using the simple interest method based on the U.S. Treasury Constant Maturity Rate.

6. How will I know how much my DAA owes?
Each DAA will receive:
- an individualized notification from F&E identifying its outstanding balance; and
- annual invoices directly from Finance.

7. How long do DAAs have to repay the loan?
All obligations must be paid in full by June 30, 2030, as required by SB 84 under Government Code section 20825 (c).

8. Can a DAA pay the balance early?
Yes. DAAs may make payments immediately after receiving the first invoice or earlier than scheduled. Early payment reduces the outstanding principal balance and may avoid or minimize future interest charges.

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9. Will DAAs be locked into a four-year payment schedule?
No. DAAs may choose to pay additional amounts or satisfy the remaining balance early.

10. How is interest calculated?
Per SB 84, interest is based on the U.S. Treasury Constant Maturity Rate, which varies by quarter. For example, in FY 2025, the interest averaged around 3.65%.

A 5% interest rate was used to estimate the repayment schedule for budgeting purposes only. The interest due will be calculated quarterly based on the actual interest rate per U.S. Treasury Constant Maturity Rate and will be added to the DAA's invoices annually.

11. Is the interest compounded?
No. **Simple interest** is calculated and accrued quarterly. Each DAA is responsible for interest based on the outstanding principal balance at the beginning of the fiscal year.

12. Can a DAA avoid paying interest?
Yes. If financially feasible, paying the outstanding balance as early as possible may significantly reduce or eliminate future interest charges.

13. Will DAAs be charged interest before receiving an invoice?
No. Interest will begin in FY 2027/28 on any remaining balance. DAAs with concerns should contact F&E to discuss their situation.

14. Can the Board decide how the loan will be repaid?
Yes. Because repayment may affect a DAA's financial planning, many Boards may wish to review repayment options through their Finance Committee and/or Board before determining its repayment strategy.

15. Should this obligation be included in the annual budget?
Yes. Boards were advised to begin incorporating the SB 84 repayment obligation in their budget and long-term financial planning in the D-Letter 2019-04.

16. Can F&E waive or reduce this obligation?
No. Government Code section 20825 requires all SB 84 balances to be repaid by June 30, 2030. F&E does not have authority to waive or reduce the repayment amount.

17. Can we pay more than the scheduled payment in a given year?
Yes. Early or additional payments may be made. DAAs interested in paying more than the scheduled installment should coordinate with DOF regarding payment procedures. Paying additional principal early may reduce future interest costs.