Santa Clara County Office of Education
Xavier De La Torre, Ed.D.
County Superintendent of Schools

Informational Bulletin

For Santa Clara County Districts

District Business & Advisory Services

Nimrat Johal: Director- DBAS: 408-453-6599 Cathy McKim, Manager-DBAS: 408-453-6588

Bulletin: 13-057

Date: March 12, 2013

To: District Fiscal Directors
District Payroll and Human Resources Directors

From: Cathy McKim

Re: Payroll and Human Resources Related Documents posted on QSS

The purpose of this bulletin is to provide links to new Payroll and Human Resource related documents posted to the SCCOE web portal.

Public Employee's Pension Reform Act of 2013 (PEPRA) guidance presented by the California State Teachers Retirement System (CalSTRS) and the California Public Retirement System (CalPERS).

- CalSTRS Pension Legislation and its impact on benefits to members under the 2% at 62 Benefit Structure. http://www.sccoe.org/docs/DBASDocs/03-13-13%20AB%20340%20Comparison.pdf

- CalPERS Pension Reform most recent FAQ's. http://www.sccoe.org/docs/DBASDocs/03-13-13%20CalPERS-%20FAQS%20-%20AS%20OF%202-27-13%20(2).pdf

CalSTRS Dispute Processing

- Creating a Draft Dispute Case-
  - http://www.sccoe.org/docs/DBASDocs/Creating%20a%20Draft%20Dispute%20Case%20Procedure%20ver%201_0.896908.pdf
- Approve Draft Dispute Case-
  - http://www.sccoe.org/docs/DBASDocs/Approve%20Draft%20Dispute%20Case%20Procedure%20ver.1.pdf

Please distribute this memo within your District as deemed appropriate.

County Board of Education: Leon F. Beauchman, Michael Chang, Joseph Di Salvo, Darcie Green, Julia Hover-Smoot, Grace H. Mah, Anna Song

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On September 12, 2012, Governor Brown approved Assembly Bill 340 (Furutani), enacted as Chapter 296, Statutes of 2012, an extensive revision to California public pension plans. Given the uniqueness of the benefit programs provided by CalSTRS, Chapter 296 will have different impacts on CalSTRS members than on other public employees. This document is a summary of Chapter 296 and those impacts.

CALSTRS BENEFITS

CalSTRS administers a hybrid retirement system consisting of the Defined Benefit (DB) Program (a traditional defined benefit plan), the Defined Benefit Supplement (DBS) Program (a cash balance plan) and Pension2 (a defined contribution 403(b)/457 program funded through voluntary employee contributions). CalSTRS members do not participate in Social Security for their public education service. As a result, the benefits paid by CalSTRS are the only ongoing source of retirement income that members receive for their public education service. In addition, CalSTRS has a very limited retiree health benefit focused on members who do not qualify for premium-free Medicare Part A coverage. The provision of health benefits is negotiated at the local level, and 62 percent of members retiring now do not receive financial support from their employer for their health benefits after they reach age 65.

Defined Benefit Program. The DB Program pays monthly service retirement benefits to eligible educators based on years of service, age at retirement and final compensation. Currently, members are retiring at an average age of 62 years old, with over 25 years of service. Benefits are enhanced for career educators. (The DB Program also pays disability benefits and survivor benefits, which are largely unaffected by Chapter 296.) The average benefit paid to a member retiring in 2010-11 was approximately 56 percent of the member's final salary. Funding for the DB Program is derived from member, employer and state contributions, plus the earnings from investing those contributions. (The state makes an additional contribution to fund a separate program that maintains the purchasing power of DB Program benefits.)

Defined Benefit Supplement Program. The DBS Program supplements the benefits paid under the DB Program at the time that DB benefits are paid. The DBS benefit is equal to the member's account balance at the time of retirement, disability or death. Contributions that are credited to a member's DBS account are paid by the member and employer on compensation for service in excess of the full-time assignment, such as summer school or after-school activities; compensation paid for a limited number of times, such as compensation paid to those who agree to retire at the end of the school year; or certain compensation that CalSTRS determines is not creditable to the DB Program. Contributions are credited with a minimum amount of interest, based on 30-year Treasury bond rates (equal to 3.75 percent in 2012-13), but additional interest can be credited by the Teachers' Retirement Board if there are sufficient excess funds after meeting long-term DBS Program liabilities. Benefits can be paid either as a lump sum, a monthly annuity or a combination of both.

Pension2. Pension2 is a CalSTRS program that offers school employees an opportunity to further supplement their retirement with additional personal investments on a pre-tax basis, pursuant to either Section 403(b) or 457 of the Internal Revenue Code. Pension2 offers 22 different investment options in low-cost mutual funds or variable annuities, and sets up portfolios of these core selections that reflect different target retirement dates and risk profiles. Individual employers elect whether to offer Pension2 to their employees. Pension2 is not directly affected by Chapter 296.

PENSION LEGISLATION AND ITS IMPACT ON BENEFITS TO MEMBERS UNDER THE 2% AT 62 BENEFIT STRUCTURE

Chapter 296 makes a variety of changes to CalSTRS benefit programs that primarily affect those who are first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. This would exclude those who were CalSTRS members before 2013, had terminated their membership, and returned to active membership on or after January 1, 2013. This would also exclude those who performed CalSTRS creditable activities even if they were subject to coverage under a different retirement system. These latter members still will be subject to the 2% at 60 benefit program. The changes made in Chapter 296 include:

- Reducing the age factor for any specific age, and increasing both the minimum retirement age and the normal retirement age.
- Eliminating the career factor increase in the age factor.
- Requiring that final compensation be calculated based on the highest average annual salary rate over three consecutive school years, regardless of years of service.
- Reducing the limit on compensation that counts toward the retirement benefit paid by CalSTRS.
- Limiting the type of compensation that counts toward a CalSTRS retirement benefit.

- Prohibiting the payment of benefits in excess of the limitation imposed by the federal Internal Revenue Code.

Other provisions of the legislation apply to both 2% at 60 and 2% at 62 members. These include:

- Prohibiting the purchase of nonqualified service, or airtime, after December 31, 2012.
- Requiring that a conviction for a felony that is related to the member's official duties result in the forfeiture of CalSTRS benefits beginning from the date the felony was committed.
- Requiring that a DB member's benefit be reduced dollar for dollar, regardless of age, for the first 180 days after retirement if the member performs activities in the public schools that are creditable to CalSTRS, unless the governing body of the school district takes specified actions with respect to a member who is above normal retirement age.
- Extending a very limited exemption from the postretirement earnings limit through 2013-14, and prohibiting the granting of the exemption if the member received an incentive to retire in the previous six months.
- Prohibiting any enhancement to the DB benefit from applying to service performed prior to the effective date of the enhancement.

Finally, Chapter 296 requires the contribution rate for 2% at 62 members to equal 50 percent of the normal, ongoing cost of benefits.

The change enacted in Chapter 296 that will have the most significant impact will be the reduction in the age factor for 2% at 62 members. Any 2% at 62 member who retires before age 65 will receive a benefit based on a lower age factor than would that same member retiring under the 2% at 60 benefit formula. About 80 percent of those who retired in 2010-11 were under age 65. Assuming a continued average retirement age of 62 years, the reduction in benefits will average about 12 percent. Put another way, the average replacement ratio, the percentage of salary replaced by a benefit, will decline by about 6 percentage points, and the DB Program will end up replacing about 50 percent of the final salary for the average member. Alternatively, a member will have to work two years longer to receive the same benefit provided under the existing 2% at 60 benefit structure.

In addition, 2% at 62 members with at least 25 years of service will realize an additional reduction in their DB benefit if they received salary increases in their final working years because final compensation will be based on the highest three consecutive years, rather than a single year. Substantially fewer members will realize additional reductions either in their DB or DBS benefits from the new limitation on creditable compensation and the expanded limitations on the type of compensation that will be creditable.

FISCAL EFFECT OF PENSION LEGISLATION

Analysis of the actuarial impact of Chapter 296 indicates that the normal cost of the 2% at 62 benefit structure is 15.9 percent. This represents a 2.61 percent reduction from the 18.51 percent normal cost of the 2% at 60 benefit structure if that structure would have applied to 2% at 62 members. This reduction in benefit accrual is projected to save a total of $22.7 billion over 30 years, equivalent to $12.0 billion in 2013 dollars. As of June 30, 2011, the unfunded liability of the 2% at 60 benefit structure is about $65 billion. The reduction in benefits under the legislation will reduce the amount of additional contributions required to fully amortize the unfunded liability over 30 years by $4.9 billion, assuming the DB Program earns 7.5 percent over that time period. This is equivalent to a 0.754 percentage point reduction in the required increase in contributions to fully fund the benefit program.

In addition, the limitation in the amount and the type of compensation that will be creditable will result in the following savings to members, employers and the state over the next 30 years because contributions will be paid on lower compensation:

Reductions in Contributions Over 30 Years (in millions of dollars)

	Nominal dollars	2013 dollars
Members	$530	$280
School districts	$550	$290
State of California	$190	$100
TOTAL	$1,270	$670

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The following table provides a side by side comparison of the benefit structures for 2% at 60 and 2% at 62.

<table>
<tr><th colspan="4">Comparison of 2% at 60 and 2% at 62 Benefit Structures</th></tr>
<tr><th>Provision</th><th>2% at 60</th><th>2% at 62</th><th>Comments</th></tr>
<tr><td>Minimum Retirement Age</td><td>Age 55, with 5 years of service, or age 50, with 30 years of service</td><td>Age 55, with 5 years of service. 2% at 62 members will not be permitted to retire before age 55.</td><td>28 of the 13,896 members who retired in 2010-11 were below age 55.</td></tr>
<tr><td>Normal Retirement Age</td><td>Age 60</td><td>Age 62</td><td></td></tr>
<tr><td>Age Factors</td><td>
<table>
<tr><th>Retirement Age</th><th>2% at 60 Members</th></tr>
<tr><td>55</td><td>1.40%</td></tr>
<tr><td>56</td><td>1.52%</td></tr>
<tr><td>57</td><td>1.64%</td></tr>
<tr><td>58</td><td>1.76%</td></tr>
<tr><td>59</td><td>1.88%</td></tr>
<tr><td>60</td><td>2.00%</td></tr>
<tr><td>61</td><td>2.13%</td></tr>
<tr><td>62</td><td>2.27%</td></tr>
<tr><td>63</td><td>2.40%</td></tr>
<tr><td>64</td><td>2.40%</td></tr>
<tr><td>65</td><td>2.40%</td></tr>
<tr><td>66</td><td>2.40%</td></tr>
<tr><td>67</td><td>2.40%</td></tr>
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</td><td>
<table>
<tr><th>Retirement Age</th><th>2% at 62 Members</th></tr>
<tr><td>55</td><td>1.16%</td></tr>
<tr><td>56</td><td>1.28%</td></tr>
<tr><td>57</td><td>1.40%</td></tr>
<tr><td>58</td><td>1.52%</td></tr>
<tr><td>59</td><td>1.64%</td></tr>
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<tr><td>67</td><td>2.40%</td></tr>
</table>
</td><td>Generally, the age factors applicable to 2% at 60 members will apply two years later in age for 2% at 62 members

2% at 62 members retiring at age 65 or older will not experience a reduction in the age factor, compared to the 2% at 60 benefit formula. About 20 percent of members retiring in 2010-11 were age 65 or older.</td></tr>
<tr><td>Career Factor</td><td>Members retiring with 30 or more years of service may receive an increase of up to 0.2 percent in their age factor, known as the career factor, up to a maximum age factor of 2.4 percent.</td><td>The career factor will be eliminated for 2% at 62 members.</td><td>About 29 percent of the members who retired in 2010-11 received a benefit based in part on the career factor.</td></tr>
</table>

Provision	2% at 60	2% at 62	Comments
Final Compensation	Members with at least 25 years of service credit have final compensation based on the highest salary rate over 12 consecutive months. Members with less than 25 years of service credit have final compensation based on the average salary rate over three consecutive school years. Classroom teachers with less than 25 years of service credit can retire with their highest single year final compensation, if the teacher meets statutory requirements and their employer elects to offer that benefit.	Final compensation will be based on the highest salary rate over three consecutive school years, regardless of years of service.	52 percent of the members who retired in 2010-11 had 25 years or more of service credit, thereby having their final compensation based on the highest 12 consecutive months.
Limits on Amount of Creditable Compensation	Federal law limits the compensation that counts toward the pension of a public employee first hired on or after July 1, 1996, to $255,000 in 2013. That limit is increased based on cost-of-living increases. No contributions are paid by the member, employer or the state on compensation in excess of the limit, and any excess compensation is excluded from determining final compensation.	Creditable compensation for 2% at 62 members will be limited to 120 percent of the 2013 limit upon which Social Security benefits are determined and Social Security payroll taxes are paid. In future years, the compensation limit will be adjusted for changes in the Consumer Price Index. Any excess compensation will be excluded from determining final compensation, and no contributions will be paid by the member, employer or the state on compensation in excess of the limit. Employers will not be permitted to offer a defined benefit plan for the compensation in excess of the limit, but can make contributions for such compensation to a defined contribution plan, as long as the contribution rate to such a DC plan does not exceed the employer contribution rate to the DB Program.	Based on the Social Security Administration's 2013 wage base, the compensation limit for 2% at 62 members is $136,440. About 3,400 active members earned creditable compensation in excess of $136,440 in 2010-11.

Provision	2% at 60	2% at 62	Comments
Limits on Types of Creditable Compensation	Creditable compensation is based on different forms of compensation payable in cash, including salary, auto and housing allowances, performance bonuses and the payment of cash in-lieu of receiving fringe benefits. Compensation for creditable service that exceeds one year in a school year (overtime) or is paid a limited number of times is credited to the DBS Program and not counted toward final compensation. Other types of compensation, such as compensation for unused accumulated leave, are not creditable, and do not count toward any CalSTRS retirement benefit.	Only compensation that is regularly payable in cash pursuant to a publicly available pay schedule will be creditable for 2% at 62 members. Creditable compensation for service in excess of one year in a school year will continue to be credited to the DBS Program if it is under the compensation cap, but other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited-period compensation or compensation determined to have been paid for the purposes of enhancing a benefit, will not be creditable to any CalSTRS benefit program.	57 percent of active members were credited with additional contributions to the DBS Program for service in excess of one year in a school year in 2010-11, and less than one percent of the active members were credited with contributions to DBS from other compensation.
Benefits in Excess of Federal Limit	Federal law generally limits the amount of benefits that can be paid by a qualified defined benefit plan, which is increased based on cost-of-living increases. Federal law, however, also allows public pension systems, such as CalSTRS, to pay benefits above that limit under a separate program, up to the amount payable under the pension plan's benefit formula.	2% at 62 members will not receive any benefits from CalSTRS in excess of the federal limit.[1]	In 2013, the federal limit applicable to a 65 year old CalSTRS member is $175,432. 317 CalSTRS members currently are receiving benefits under the existing Replacement Benefits Program.
Member Contributions[2]	The member contribution rate has been set in statute at 8 percent since 1972. The employer is legally permitted to pay the member contritbution if it is paid on behalf of everyone in the same class of employees.	2% at 62 members will pay 50 percent of the normal cost of their benefit structure, rounded to the nearest one-quarter percent. The contribution rate required to be paid by 2% at 62 members will be adjusted if the actuarial valuation fo the DB Program indicates that the normal cost of the benefit strucutre for 2% at 62 members has changed by at least one percent since the last adjustment in member contributions. The employer is not permitted to pay the 2% at 62 members' contribution.	The 2% at 60 member contribution rate funds 44 percent of the normal cost of the 2% at 60 benefit structure as of June 30, 2011. Based on analysis of the legislation, the contribution rate for 2% at 62 benefit structure members is 8 percent for 2012-13.

[1] Given the limitation on compensation that counts toward the final compensation of 2% at 62 members, as well as the reduction in the age factor for such members, it is unlikely that any 2% at 62 member would accrue a benefit in excess of the federal limit.

[2] Under Chapter 296, employer and/or member contributions necessary to fund annual pension costs may not be suspended unless the plan is at least 120 percent funded and the system actuary determines that continuing to accrue excess earnings could result in federal tax disqualification of the plan.

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The following table provides a side by side comparison of prior law and the provisions of Chapter 296. These provisions are applicable to all members, both 2% at 60 and 2% at 62.

Comparison of Pension Legislation and Prior Law

Provision	Prior Law	Pension Legislation	Comments
Nonqualified Service ("Airtime")	Prior to 2013, vested CalSTRS members were permitted to purchase up to five years of nonqualified service. Members still may purchase additional service credit for time spent on approved leave or for prior service in another state. The member pays the entire cost of both types of service credit, based on the actuarial assumptions adopted by the Teachers' Retirement Board and an analysis of actual prior purchases. In addition, members who terminated their employment in the public schools and withdrew their CalSTRS contributions and interest can redeposit their DB contributions, with additional interest, and restore their service credit.	Purchases of nonqualified service by all members is prohibited after 2012. In order to purchase nonqualified service, CalSTRS must have received the appropriate CalSTRS form prior to January 1, 2013. There is no impact on any other service credit purchases, including the ability to redeposit previously withdrawn contributions.	About 700 members purchase nonqualified service credit annually.
Forfeiture of Benefits Upon Felony Conviction	Any elected public officer who takes public office or is reelected to public office on or after January 1, 2006, and who is convicted of any specified felonies arising directly out of his or her official duties, forfeits all rights and benefits in any public pension system. Prior law also enumerates which felony convictions would trigger forfeiture and provides a safe harbor provision that will void the forfeiture if the governing body of the public officer's employer authorized the officer to receive his retirement benefits.	Benefits will be forfeited by <u>any</u> CalSTRS member who is convicted of committing a felony in the course of his or her official duties, including specifically if the felony involved a child with whom the member had contact as part of the member's official duties. Any benefits accrued after the commission of the felony will be forfeited, but not benefits accrued prior to the commission of the felony. Any contributions made by the member to CalSTRS after that date will be returned by CalSTRS, without interest, to an account of the member that conforms to Internal Revenue Code requirements. The convicted member and the prosecuting agency will be required to notify the member's employer within 60 days of the conviction, and the member and the public employer are required to notify CalSTRS within 90 days of the conviction. If the conviction is overturned, the member can either receive the forfeited benefits or redeposit the returned contributions, with interest.	Very few CalSTRS members are potentially affected by <u>prior</u> law. They include the 52 County Superintendents of Schools elected to office by the county voters and a small number of elected school board trustees whose districts offer the Cash Balance Benefit Program. To date, there have been no CalSTRS members who have had to forfeit their retirement benefits. Under the legislation, however, <u>all</u> members will be subject to forfeiture if convicted of a work-related felony.

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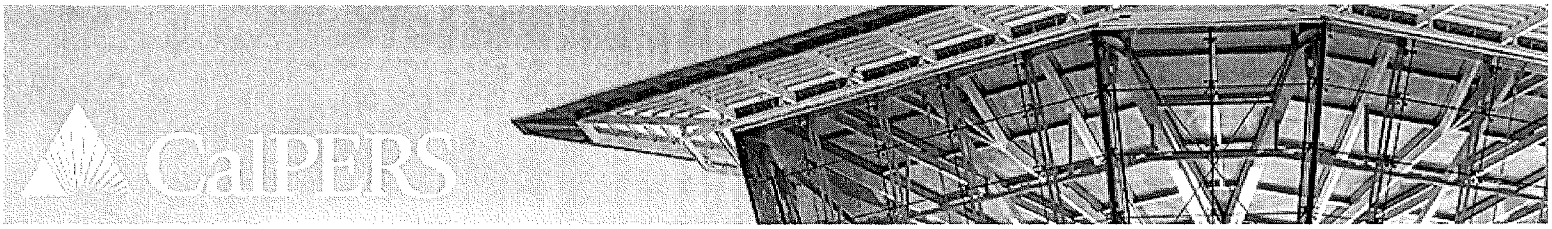
Provision	Prior Law	Pension Legislation	Comments
Postretirement Employment	Retired DB Program members are subject to an annual limit on postretirement earnings for compensation earned from CalSTRS-covered service. Retired members who exceed the earnings limitation have their monthly benefits reduced for each dollar of compensation earned in excess of the limit. Prior to 2013, members under age 60 were subject to a $0 earnings limit during the first six months of retirement or until they turn age 60.The annual earnings limit is 50 percent of the median final compensation for recently retired members. Neither employers nor members pay contributions on postretirement earnings for the compensation earned from creditable service after retirement. A very limited exemption to the annual earnings limit was established, for 2012-13 only, for retired members appointed by a county superintendent of schools, the California Community Colleges Board of Governors, the State Board of Education or State Superintendent of Public Instruction to perform specific duties with respect to schools that are experiencing specific academic or fiscal distress. Certain employees of a third party are excluded from the earnings limit, if the member was, for a limited period of time, performing service not normally performed by a school employee.	The $0 earnings limit applies to all members whose most recent retirement is on or after January 1, 2013, regardless of age, for the first 180 days of the member's most recent retirement. For 2% at 60 members who are at least age 60, and 2% at 62 members who are at least age 62, that 180-day period in which no compensation could be earned may not apply if the appointment is necessary to fill a critically needed position, the governing body of the employer approves the appointment in a specified manner, the member did not receive any financial inducement to retire, and the member's termination of service was not the cause of the need to acquire the services of the member. The limited exemption for retired members appointed by a county superintendent of schools, the California Community Colleges Board of Governors, the State Board of Education or the State Superintendent of Public Instruction is extended through 2013-14, but the exemption will now not apply if the member received a financial inducement to retire within the previous six months.	The earning limitations apply regardless of whether the retired member is an employee of a CalSTRS employer, an employee of a third party performing service for a California public school or an independent contractor performing service for a California public school. The 2012-13 earnings limit is $40,011, and the 2013-14 earnings limit is $39,903. Documentation substantiating the member's eligibility for either exemption must be received by CalSTRS before the service begins.

Provision	Prior Law	Pension Legislation	Comments
Retroactive Benefits	In the past, when CalSTRS pension benefits were improved, the improvement applied to service that was performed in the past, as well as future service. These improvements included: • One-year final compensation for those with 25 years or more of credited service. • Increased age factor for those who work past age 60. • Career factor for those with 30 years or more of credited service. • Longevity bonus for those with 30 years or more of credited service by December 31, 2010.	Future benefit enhancements will only apply to service performed on or after the operative date of the improvement.[3]	

[3] As an example, when legislation was passed in 1998 that created the career factor, increasing the percentage of final compensation paid upon retirement for each year of service if the member retired with at least 30 years if service, the increased percentage of final compensation resulting from the legislation was applied to that earlier service credit. If this new provision had been in effect in 1998, any increase in the percentage of final compensation resulting from the career factor would only have applied to service credited after 1998.



FAQs: Pension Reform Act of 2013

These frequently asked questions reflect CalPERS preliminary interpretation of the complex changes brought about by the Public Employees' Pension Reform Act of 2013 (PEPRA) and related Public Employees' Retirement Law (PERL) changes. Positions taken in these FAQs may change as additional review and analysis continue, or as a result of any follow-up "clean-up" legislation.

Most recent FAQs will appear at the top of each subject area below. You can submit additional questions or comments about PEPRA online through Ask CalPERS.

New Members

If a member of a reciprocal system is hired to a part-time position at a CalPERS-covered employer, once the member qualifies for membership after January 1, 2013, would he or she be a classic or new member? *(added 2/7/2013)*

To determine whether a member is subject to reciprocity, CalPERS reviews both the member's hire date and membership date with the CalPERS covered employer. Generally, CalPERS will find reciprocity is established for individuals if they are hired as a "part-time employee" of a CalPERS-covered employer within six months of permanently separating from the employer in the other retirement system. This is true even where the individual may not attain membership until after the six months has passed. These situations are reviewed on a case-by-case basis because this part-time employment must be the type of employment that results in CalPERS membership.

In order for the member to be considered a classic member in CalPERS, they would have needed to be a member of the reciprocal system prior to January 1, 2013.

Will CalPERS develop a list of all public retirement systems in the state for purposes of determining if reciprocity has been established? *(added 2/7/2013)*

CalPERS currently maintains a list of public retirement systems, counties, and public agencies who have a reciprocal relationship (by statute or agreement) with CalPERS. This list can be found in the publication, When You Change Retirement Systems, and on the Member Reciprocal Self Certification Form. CalPERS does not maintain a list of all public retirement systems in the State.

When adding a new member appointment in my|CalPERS, the list of reciprocal systems can be found on the my|CalPERS Appointment Detail page. To view the Reciprocal Agency field, expand the Reciprocity panel on the page and enter "Yes" for the Reciprocal Member Indicator.

If an existing member terminates membership and accepts a refund from CalPERS, then later returns to a CalPERS-covered employer, would that employee be considered a "new" member under PEPRA? What if the employee returned to a non-qualifying, part-time position? *(updated 2/7/2013)*

An individual who becomes a CalPERS member prior to January 1, 2013 who returns to work with the same employer is not considered a "new" member under PEPRA. The individual's original membership date would apply and he or she would be entitled to the classic formula he or she was eligible to receive if he or she returned to work on December 31, 2012 (prior to the effective date of PEPRA). If the employer has contracted for this optional benefit, the individual may be allowed to redeposit the withdrawn contributions to be eligible to receive the retirement benefit formula he or she was entitled to prior to the refund.

If the individual returns to work with a different CalPERS-covered employer, then he or she would be considered a "new" member if the break in service between employers is greater than six months.

Regarding the non-qualifying position, the member would need to qualify for CalPERS membership before a determination can be made.

What are the conditions in which an employee would be considered a new member under the Public Employees' Pension Reform Act of 2013 (PEPRA)? *(updated 2/7/2013)*

If a member's original membership date (with CalPERS or any California public retirement system) is prior to January 1, 2013, he or she would be considered a classic member. If a member's original membership date is on or after January 1, 2013, he or she would be considered a new member under PEPRA. In addition, if a member has a break in service of greater than 6 months and does not return to the same employer where the member was previously employed, he or she would be considered a new member with respect to the new employment. Most CalPERS employers are considered unique employers for purposes of determining whether a break of 6 months or more has occurred, with the following exceptions:

* *State to State (including CSU, as referenced in Circular Letter 200-055-12) – Same employer*
* *School to School – Same employer*

Are part-time, currently employed miscellaneous staff who are not eligible for CalPERS membership until 2013 (and are not members of any other public retirement system) subject to the 2 percent at age 62 formula for new members? *(added 10/24/2012)*

Yes. PEPRA provides that the new pension formula be offered to new members. A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013 (and who was not a member of another public retirement system prior to that date). Under this scenario, a part-time employee – who is hired prior to January 1, 2013 but does not become a member of CalPERS until after January 1, 2013 – would be considered a new member for the purposes of PEPRA.

Are leaves of absence considered a break in service? *(added 10/24/2012)*

No. Leaves of absence (i.e., maternity leave, military leave) are not considered a break in service. A termination of employment must occur for there to be a break in service.

How will CalPERS determine if a new employee is eligible for reciprocity? *(added 10/24/2012)*

CalPERS is developing new procedures for employers to validate and report the reciprocal employment details. Employees are required to provide accurate and timely information to their employer regarding their reciprocal status.

New Retirement Formulas

What are the eligibility requirements for a new member under the Second Tier (1.25% at 67)? *(added 2/7/2013)*

For **Service Retirement**, the new member is eligible to retire at age 55 if he or she has 10 years of state service credit. For **Disability Retirement**, the new member is eligible to retire if he or she has 10 years of state service credit.

What are the retirement eligibility requirements for a member who has service under both the First Tier and "new member" Second Tier (1.25% at 67)? *(added 2/7/2013)*

For **Service Retirement**, a member that has First Tier service is eligible to receive a retirement allowance if he or she has attained age 52 and has a total of 5 years state service. No benefit is payable for the 2nd tier service unless the member has at least 10 years of state service credit. For **Disability Retirement**, a member that has First Tier service is eligible to receive a retirement allowance if he or she has a total of 5 years state service. No benefit is payable for the 2nd tier service unless the member has a total of 10 years of state service.

Did PEPRA change the mandatory retirement age for Patrol, Local Safety and State Safety Members? *(added 2/7/2013)*

No, PEPRA did not change the laws pertaining to mandatory retirement age.

Will the the "new member" safety formulas have retirement formula caps (e.g. 90% for CHP)? *(added 2/7/2013)*

No, the new member safety formulas are not subject to a retirement formula cap.

Will we need to amend our contract to reflect the formulas being imposed by PEPRA? If yes, when must this be completed? *(added 11/15/2012)*

The contracts automatically incorporate all of the PEPRA provisions and do not need to be updated by January 1, 2013. CalPERS will automatically create new benefit packages for new members that reflect the new rules under PEPRA. CalPERS will carry forward the existing optional benefits and exclusions to the extent that these provisions remain available for new members under PEPRA. Although the contracts are automatically amended to reflect PEPRA's requirements, CalPERS will be updating these public agency contracts to reflect the changes over the next two years or when an employer amends their contract.

Is CalPERS recognizing ratified collective bargaining agreements that offer a lower retirement formula prior to December 31, 2012, even if the employer has not been able to complete the formal contract amendment process? *(added 10/24/2012)*

No. If an employer would like to adopt a lower benefit formula prior to January 1, 2013, the employer must complete the contract amendment process in accordance with all applicable requirements (the effective date is the date of final action of governing body) prior to December 31, 2012. CalPERS will work with employers to expedite the contract amendment process to the extent possible, but CalPERS cannot retroactively implement contract amendments that are completed after January 1, 2013.

PEPRA requires all new members to go into one of the lower retirement formulas and 3-year final compensation, but what about the other optional benefit provisions? *(added 10/24/2012)*

CalPERS will automatically provide all of the same optional benefit provisions provided to the latest active benefit group effective on December 31, 2012, to all new members, except to the extent an optional benefit is not permitted for new members.

Which new safety formula should be applied to new members hired on or after January 1, 2013? *(added 10/24/2012)*

Refer to the New Safety Formula that most closely matches the lowest amount of the Existing "at Age 55" Safety Formula below:

Existing Safety Formula	New Safety Formula
3% at Age 50; 3% at Age 55; 2% at Age 50	2.7% at Age 57
2.5% at Age 55	2.5% at Age 57
2% at Age 55; 2.5% at Age 60; ½ at Age 55	2% at Age 57

What is the minimum retirement age for the new 2 percent at Age 62 retirement formula? *(added 10/24/2012)*

The minimum retirement age is 52 with 5 years of service.

What happens to prior State service after January 1, 2013 when an existing employee who previously retired reinstates to work with a public employer? *(added 10/24/2012)*

PEPRA does not change how prior State service would be treated upon reinstatement. The prior State service would remain at the same retirement formula that was applied to it at the time of initial retirement.

Which retirement formula will be applied to employees who reinstate from retirement to accept a full-time position in January 2013 with the same employer they retired from? *(added 10/24/2012)*

A person who reinstates from retirement and returns to the same employer would be entitled to the same retirement formula he or she had at the time of the initial retirement.

Which benefit retirement formula will be applied to employees who reinstate from retirement to accept a full-time position in January 2013 with a different employer than they retired from? *(added 10/24/2012)*

Since a retirement is considered a break in service, the retirement formula that will apply to a person who reinstates from retirement and accepts employment with a different employer will depend on whether the person meets the definition of "new member" under PEPRA. If the person meets the definition of a new member, then the person will be enrolled in one of the new retirement formulas. Otherwise, the person will be enrolled in the formula the new employer had in place on December 31, 2012.

If a police cadet who is already enrolled in a retirement system with a 2 percent at age 55 retirement formula is later reclassified to a police officer in 2013, will that cadet be transferred to the new 3 percent at age 50 formula under PEPRA? Or can the reclassification be retroactive? *(added 10/24/2012)*

An individual who is a member of a retirement system as a police cadet in a miscellaneous formula and subsequently transfers to a safety formula will not be considered a "new" member under PEPRA and will therefore be entitled to the safety formula in effect on December 31, 2012. However, PEPRA prohibits retroactive benefit increases that include formula enhancements stemming from reclassifications from miscellaneous to safety, therefore, the service time accrued as a cadet will remain under the miscellaneous formula.

Defined Contribution Plans

May a public employer continue to maintain an existing defined contribution plan after December 31, 2012? *(updated 2/22/2013)*

Yes. New members (defined in 7522.02(f)) may only participate in a defined contribution plan that was in place prior to January 1, 2013.

May a public employer adopt a new defined contribution plan on or after January 1, 2013? *(added 1/22/2013)*

If a public employer adopts a new defined contribution plan on or after January 1, 2013, the new plan must conform to the requirements of PEPRA (discussed below).

May a public employer provide contributions to a defined contribution plan for compensation above the pensionable compensation limit in 7522.02(c)? *(added 1/22/2013)*

Yes, but such contributions, when combined with the employer's contributions for compensation up to the pensionable compensation limit, may not exceed the employer's contribution (expressed as a percentage of pay) required to fund retirement benefits on compensation up to the pensionable compensation limit.

In addition, a defined contribution plan must meet the requirements and applicable limits under federal law. Internal Revenue Code section 401(a)(17) limits compensation that may be taken into account for retirement plan contributions. For 2013, the maximum compensation that may be counted for retirement plan contributions is $255,000. This limit is indexed and may change from year to year.

Public employees have no vested right to continue receiving contributions with respect to compensation above the pensionable compensation limits in the future.

Employer and Member Contributions

If the employer determines that an existing MOU is impaired pursuant to Gov. Code section 7522.30(c), and any stated EPMC agreements will apply to new members through the duration of the MOU, will CalPERS implement a manual validation procedure to ensure EPMC is not being reported on payroll for new members? *(added 2/7/2013)*

Yes, CalPERS will validate to ensure that EPMC is not being reported for new members.

If employers must notify CalPERS in writing if they determine that their MOU is impaired and provide a certification signed by the agency's presiding officer, confirming that application of Section 7522.30(c) of PEPRA would cause an existing MOU to be impaired, when will CalPERS provide employers with access to the certification form? When does the certification form need to be turned in to CalPERS? *(added 2/7/2013)*

The Certification of MOU Impairment form is currently available to employers and is also attached to Circular Letter 200-063-12. The certification form should be submitted prior to submission of payroll for a new member. In 2013, CalPERS intends to propose regulations regarding the MOU impairment process, and it is important to note that as the proposed regulations proceed through the regulatory process, some changes to this employer certification form may be required.

Will employers need to differentiate between classic and PEPRA new members in their payroll? Is there a way for employers to determine whether members are classic or PEPRA? *(added 2/7/2013)*

No. When submitting payroll, employers do not need to identify whether a member is classic or a new PEPRA member. However, employers will be required to report contributions at the appropriate rate.

A my|CalPERS report is available to identify any new members enrolled under PEPRA. Employers may access the report, identified as the Participant Pension Enrollment Data Report, through the Cognos Viewer.

What is the contribution rate for new members employed by contracting agencies, school employers, the judicial branch, and California State University (CSU)? *(added 11/15/2012)*

The law requires these new members contribute at least 50 percent of the total normal cost or the same contribution rate as "similarly situated" employees, whichever is higher. CalPERS will promulgate a regulation to clarify that "similarly situated" will be defined by the retirement formula to which the member is subject, meaning the new member will pay the same rate as other members in the same formula. Therefore, for new members, the initial contribution rate will be set at 50 percent of the total normal cost of whatever new retirement formula applies according to PEPRA.

Do existing non-represented employees of contracting agencies have to start paying half the normal cost on January 1, 2013? *(added 11/15/2012)*

Existing employees, both represented and non-represented, are not required to start paying half the normal cost on January 1, 2013. After January 1, 2013, employers continue to have the same authority to increase non-represented employees' contributions as under current law. In general, PEPRA does not change existing non-represented employees' contribution rates nor an employer's authority to alter those contribution rates.

Does PEPRA prohibit employers from paying Employer Paid Member Contributions (EPMC) or reporting it as special compensation for existing employees? *(added 11/15/2012)*

No. PEPRA does not prohibit employers from paying the member's contributions or converting these contributions to pay rate in the final compensation period where statutory and regulatory requirements have been met.

Does PEPRA prohibit employers from paying EPMC for new employees hired after December 31, 2012? *(added 11/15/2012)*

Yes. EPMC is prohibited for new members—unless an existing MOU will be impaired. Once the impaired MOU expires or is amended, however, EPMC is prohibited for new members.

If an employer currently pays all or a portion of their members' normal contributions (EPMC) for existing employees, does the employer have the option to discontinue this practice? *(added 11/15/2012)*

Yes. Sections 20961 and 20693 allow the employer to reduce or eliminate employer paid member contributions.

PEPRA provides that beginning in 2018 an employer may require employees to pay 50 percent of the total annual normal cost up to an 8 percent contribution rate for miscellaneous employees, and an 11 percent or 12 percent contribution rate for safety employees. Does this provision apply to all public employers? *(added 10/24/2012)*

No, this provision only applies to contracting agencies and school districts. Once it is operable in 2018, PEPRA does not require any employer to implement the change discussed in the statute, rather the statute says that an employer may do so where all other statutory requirements are met.

How should a contracting agency determine the "50 percent of the total normal cost" for current employees? *(added 10/24/2012)*

This information will be provided to contracting agencies as part of their June 30, 2011 Annual Valuations that will be mailed in November 2012. If a contracting agency desires a rough estimate of 50 percent of the total normal cost for each of its rate plans, the contracting agency may use the employer normal cost and employee contribution rate found in its June 30, 2010 Annual Valuation. Keep in mind that the total normal cost will increase with the June 30, 2011 Annual Valuation due to recent changes in actuarial assumptions.

How should a contracting agency determine the "50 percent of the total normal cost" for new members? *(added 10/24/2012)*

Upon completion of the June 30, 2011 Annual Valuations, the CalPERS actuaries will develop and provide contracting agencies with the necessary normal cost information for each of the new retirement formulas contained in PEPRA. These numbers should be used for determining the employee contribution for applicable new employees through June 30, 2015. Beginning with the June 30, 2013 Annual Valuation that sets the contribution rate for July 1, 2015, the employee contribution rate could fluctuate for each employer rate plan based on the actual experience and demographics of the employer.

How should State and school employers (including California State University, the judicial branch, legislative branch, and school districts) determine the "50 percent of the total normal cost" for current members? *(added 10/24/2012)*

The total normal cost for current members is available online in the State and Schools June 30, 2011 Actuarial Valuation Report (PDF, 4.38 MB).

How should State and school employers (including California State University, the judicial branch, legislative branch, and school districts) determine the "50 percent of the total normal cost" for new members? *(added 10/24/2012)*

The total normal cost for new members under the State and school plans will vary depending on the benefit formula applicable to the new member. The table below provides the total normal cost for new members for some State plans:

Plan	Total Normal Cost for New Members
State Miscellaneous – 2% at Age 62	12.1%
State Industrial – 2% at Age 62	14.4%
State Safety – 2% at Age 57	18.1%
POFF – 2.5% at Age 57	20.8%
POFF – 2.7% at Age 57	21.8%

Plan	Total Normal Cost for New Members
CHP – 2.7% at Age 57	19.4%
Schools – 2% at Age 62	11.9%

For employers with multiple retirement formulas, will CalPERS provide multiple employer contribution rates, or one combined rate? *(added 10/24/2012)*

CalPERS will look to its existing practice related to two tiers of benefits when providing employer contribution rates for new members. For State and school employers, a single combined employer rate per plan will continue to be used. For public agency plans in a risk pool, a separate employer rate will be provided for the new PEPRA benefit formula. For public agency plans that do not participate in a risk pool, a combined rate will be provided.

Health Vesting Changes

Will there be clarification regarding the Health Benefit Vesting Schedule? *(added 2/7/2013)*

In the clean-up bill, the Legislature plans to clarify that the health vesting provision will only apply to new members hired after January 1, 2013.

Pensionable Compensation

When will "pensionable compensation" be defined in terms of clearly identifying which forms of pay fall within the scope of reportable compensation? *(added 2/7/2013)*

The following is based on existing statutory language but is subject to change if the statute is amended with clean-up legislation.

- For public agency and school employers, pensionable compensation was defined in Circular Letter 200-062-12. In 2013, CalPERS intends to propose regulations to clarify its interpretation of the items that may be reported as "pensionable compensation," and it is important to note that as the proposed regulations proceed through the regulatory process, some changes to the items listed as pensionable compensation in the Circular Letter 200-062-12 may be required.
- For State employers, pensionable compensation is still in the process of being defined by CalHR and CalPERS.
- For California State University employers, pensionable compensation is still under review.

Are employers able to report items of special compensation for new members or has that been eliminated for new members? *(added 2/7/2013)*

The following is based on existing statutory language but is subject to change if the statute is amended with clean-up legislation.

Yes, some items of special compensation can be reported for new members so long as the items meet the definitional requirements of pensionable compensation and are not excluded by the pensionable compensation statute. Further information is provided in Circular Letter 200-062-12. In 2013, CalPERS intends to propose regulations to clarify its interpretation of the items that may be reported as "pensionable compensation," and it is important to note that as the proposed regulations proceed through the regulatory process, some changes to the items listed as pensionable compensation in the Circular Letter 200-062-12 may be required.

Is Longevity Pay excluded from pensionable compensation under PEPRA? *(added 2/7/2013)*

The following is based on existing statutory language but is subject to change if the statute is amended with clean-up legislation.

No, Longevity Pay is still reportable as provided in Circular Letter 200-062-12 so long as it meets the definitional requirements for pensionable compensation. In 2013, CalPERS intends to propose regulations to clarify its interpretation of the items that may be reported as "pensionable compensation," and it is important to note that as the proposed regulations proceed through the regulatory process, some changes to the items listed as pensionable compensation in the Circular Letter 200-062-12 may be required.

What is the limit on pensionable compensation for 2013? *(added 1/22/2013)*

For members who participate in Social Security, compensation is capped at the Social Security Wage Base ($113,700 for 2013; with annual increases based on increases to the Consumer Price Index).

For members who do not participate in Social Security, compensation is capped at 120% of the Social Security Wage Base ($136,440 for 2013; with annual increases based on increases to the Consumer Price Index).

Does Assembly Bill (AB) 340 (PEPRA) change how CalPERS treats special compensation for current employees? *(added 11/15/2012)*

No. AB 340 does not change how public employers treat special compensation for current employees. However, PEPRA does establish a definition of pensionable compensation for new members, and that definition is different from compensation earnable, which applies to current employees.

How will CalPERS treat pensionable compensation if the individual is not in a group or class? *(added 10/24/2012)*

The Public Employees' Retirement Law addresses how an individual's compensation earnable is determined when the individual is not in a group or class. CalPERS plans to work with Legislative staff and will seek statutory amendments to clarify that these rules apply to determining pensionable compensation when a new member is not in a group or class.

Working After Retirement

If members retire from a reciprocal or non-reciprocal public retirement system, do they have to wait 180 days to work for a CalPERS employer? *(added 2/7/2013)*

No. The 180-day wait period applies only where the post-retirement employment occurs with an employer in the same public retirement system from which the retiree retired.

If a retiree qualifies for an exception to the 180-day wait period does he or she still need to meet the bona fide separation in service requirement? *(added 2/7/2013)*

Yes. If the retiree is under the normal retirement age (as defined in Chapter 2 of Division 1 of Title 2 of the California Code of Regulations section 586.1) and service retired, he or she must meet the bona fide separation in service requirement regardless of whether the retiree qualifies for an exception to the 180-day wait period.

Do the retired annuitant restrictions now apply to CalPERS retirees who are acting as independent contractors, contract employees, and consultants employed directly with a CalPERS employer? *(added 2/7/2013)*

Yes. Under PEPRA, any individual who is directly employed, including by contract, by a CalPERS-covered employer is subject to the retired annuitant restrictions. Employment through a third party employer is also subject to these restrictions if the terms of the employment constitute a common law employer-employee relationship.

If members violate the 180-day wait period are they subject to mandatory reinstatement? *(added 2/7/2013)*

Yes. As with other post-retirement employment violations, mandatory reinstatement is the consequence for violating the 180-day wait period. Until there is functionality in my|CalPERS to detect a potential violation at the time the retiree is enrolled, employers should exercise due diligence to ensure every retiree who is subject to the 180-day wait period completes the wait period before beginning the post-retirement employment.

Does the 180-day waiting period apply to individuals who retired and were employed as a retired annuitant prior to January 1, 2013? *(added 11/15/2012)*

No. The 180-day waiting period only applies to retirees who seek employment as a retired annuitant after January 1, 2013. Retirees already working as retired annuitants will not be impacted.

If an employee's first day of retirement is prior to December 31, 2012, is that employee exempt from the working after retirement limitations in PEPRA? *(added 11/15/2012)*

No. The post-employment provisions apply to any person receiving a pension from a public retirement system regardless of their retirement date. There are two exceptions to this rule: 1) A retiree that is appointed to a state board or commission; and 2) The 180-day waiting period for a retiree that is already working as a retired annuitant.

Can employees work in the private sector after retiring from a public employer on or after January 1, 2013 without jeopardizing their retirement benefits or waiting 180 days? *(added 10/24/2012)*

Generally, a retiree can work in the private sector (meaning he or she is not providing services directly to a public employer), or with a public employer that is not in the same retirement system the individual retired from, without waiting 180 days or being limited to 960 hours. Other restrictions could apply if the person retired on an industrial disability retirement.

PEPRA exempts "public safety officers" from the 180-day waiting period. How will CalPERS define a "public safety officer?" *(updated 1/11/2013)*

For the purpose of the 180-day waiting period, CalPERS defines "public safety officer" to be the same as the term is defined in Government Code (GC) section 3301. GC Section 3301 defines public safety officer to mean "peace officer" as defined in certain specified sections of the Penal Code. A regulation will be promulgated accordingly.

Retroactive Benefit Enhancements

What are the benefit enhancements subject to the new prohibition under PEPRA regarding retroactive contract benefit increases? *(updated 2/6/2013)*

CalPERS is in the process of determining which optional benefits fall under this prohibition. In 2013, CalPERS intends to pursue legislative changes that will define what benefits or optional benefits are, or are not, subject to the retroactivity prohibition.

The following optional benefit provisions, which are described in Circular Letter 200-062-12, have currently been identified as being affected by the new prohibition of retroactive contract benefit increases:

- G.C. Section 21427 – Improved Nonindustrial Disability Allowance
- G.C. Section 21547.7 – Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service
- G.C. Section 21548 – Pre-Retirement Option 2W Death Benefit
- G.C. Sections 21624, 21626, 21628 – Post-Retirement Survivor Allowance
- Miscellaneous Member Classifications Optionally Reclassified to Safety by Amendment to the Contract

Does the prohibition apply to retroactive salary increases? *(added 10/24/2012)*

The prohibition on retroactive benefit increases do not impact salary increases. This is because retirement formulas already contemplate future salary increases. However, any increases must meet the definition of compensation earnable for existing members and pensionable compensation for new members in order to be used when calculating a retirement benefit.

As a result of PEPRA, will there be any changes to how unused sick time will be applied for service credit at retirement? *(added 10/24/2012)*

No. PEPRA does not change the provision that allows a member to convert sick leave to service credit. However, sick leave payouts would not count toward pensionable compensation for new members.

Alternate Retirement Program

An urgency legislative amendment was introduced to change the ARP sunset date from July 1, 2013 to January 1, 2013. What are State employers supposed to do if we hire someone after January 1, 2013 and the legislation is not passed yet? *(added 2/7/2013)*

CalHR administers the ARP program. If there are any changes to the current process, CalHR or SCO will provide additional instructions.

Felony Forfeiture

Does the PEPRA felony forfeiture of pension benefit law apply to all employees? *(added 2/7/2013)*

Yes. PEPRA makes former Government Code section 1243 (now Government Code section 7522.70) inoperative as of January 1, 2013, and the PEPRA forfeiture statutes (Sections 7522.72 and 7522.74) apply to all employees including those employees hired before January 1, 2013. Any current or future public official or public employee convicted while carrying out his or her official duties, in seeking an elected office or appointment or in connection with obtaining salary or pension benefits, will be required to forfeit any pension or related benefits earned from earliest date of the commission of the felony to the forfeiture date (the date of the conviction.)

Additional Retirement Service Credit

Will CalPERS accept applications to purchase Additional Retirement Service Credit (ARSC) from members if the service credit requirement will not be met until after January 1, 2013? *(added 11/15/2012)*

In order to be eligible to purchase ARSC, a person must have five years of credited state service, and his or her application must be received by CalPERS prior to January 1, 2013. A person that does not have five years of service credit prior to January 1, 2013, will not be eligible to make the purchase, and therefore will be prohibited by law from purchasing ARSC.

Dated: 02-25-2013

Creating a Draft Dispute Case

Overview

Introduction

The Report Source and Report Units will be able to dispute penalty lines in a file by creating a Draft Dispute Case. A draft dispute case has to be created to become a dispute case. Report units will only be able to create a draft dispute case. Once the draft dispute case is created it will reside in the Penalty Assessment & Dispute Management (PADM) application. No action will be taken to resolve the dispute until it is promoted to an actual dispute case by a Report Source.
A draft dispute case can have one or many penalty lines. A draft dispute case can only be from one media file. A media file can have one or more draft dispute cases. All lines in a draft dispute case will have the same Draft Case ID. All lines in a draft dispute case will be assigned a Reason Code.
Required information:

- Media ID

The Report Source and Report Unit can cancel the draft dispute case. The Report Source and Report Unit can also cancel a penalty line within a draft dispute case. When canceling a draft dispute case or canceling a penalty line within a draft dispute case, the process removes the draft dispute case ID. When the draft dispute case or penalty line(s) has been canceled the system will identify if it was done by the Report Source or Report Unit.
Required information:

- Media ID
- Draft Dispute Case ID

Contents

This publication contains the following topics:

Selecting lines

Selecting penalty lines to be disputed

Before selecting penalty lines to be disputed, you should have a list of penalty lines to be disputed to make this process easier.
Lines can be selected by:

- Control Key – selecting individual lines
- Shift Key – selecting a range of lines
- Select All button – to select all lines
- Upload Penalty Lines box – to upload preselected lines created using notepad
  – If using Upload Penalty Lines box: Go to step 5

Procedure for selecting lines using the Control key, Shift key, and Select All button

Step	Action
1	Click Contribution Account Portal link in SEW.

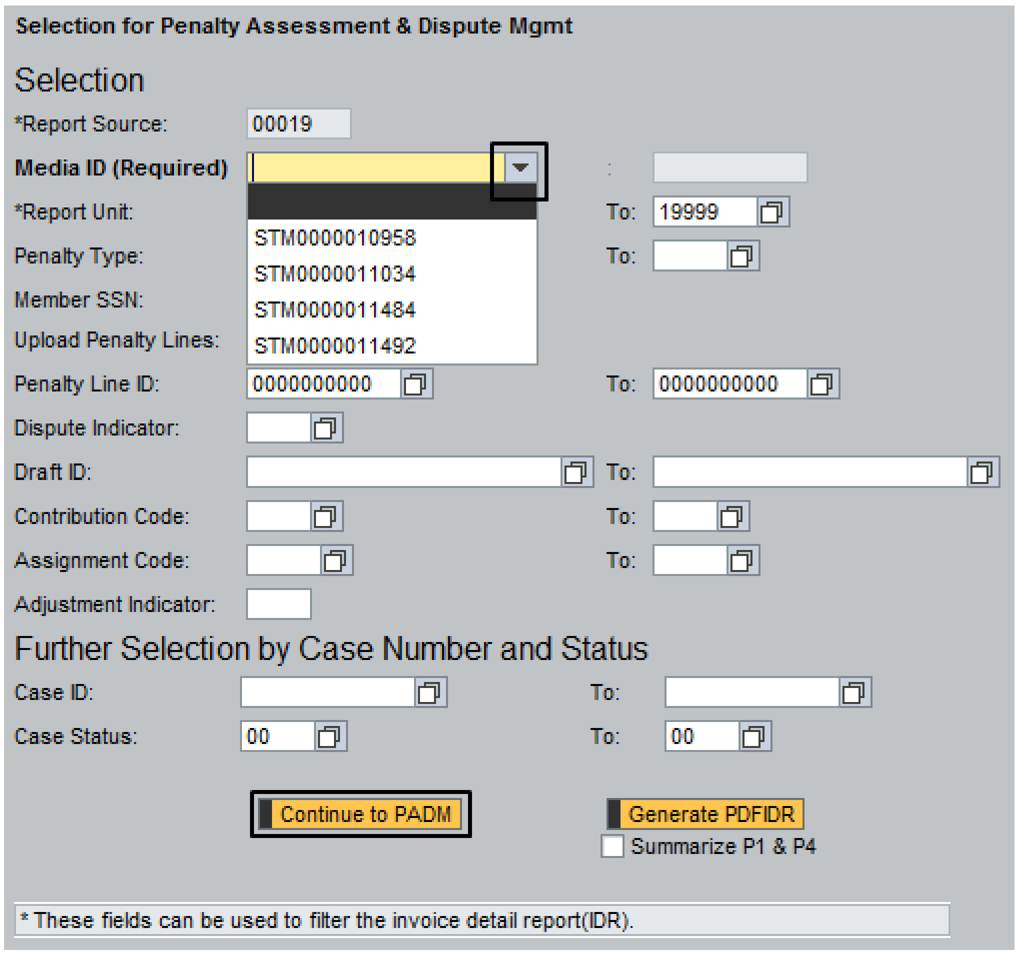
Result: Contribution Account Portal opens

- Report Source: CAP opens with Open Bills tab. Click on the Penalty Assessment & Dispute Management link
- Report Unit: CAP opens with PADM selection screen

Continued on next page

Procedure for Selecting lines using the Control key, Shift key, and Select All button (continued)

Step	Action
2	Select Media ID by clicking the Media Browse button and click the Media ID.
3	Click Continue to PADM button.

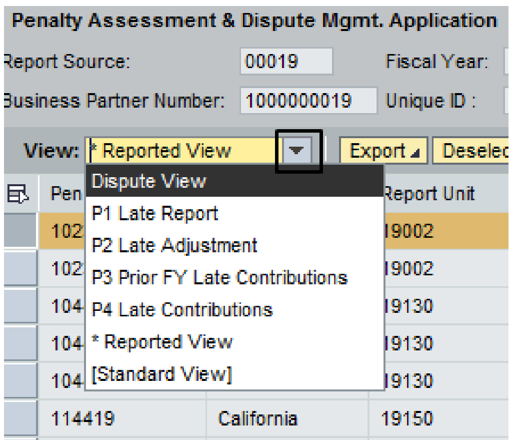


Result: PADM application displayed.
Note: The Report Unit will only have access to its own penalty lines.

Continued on next page

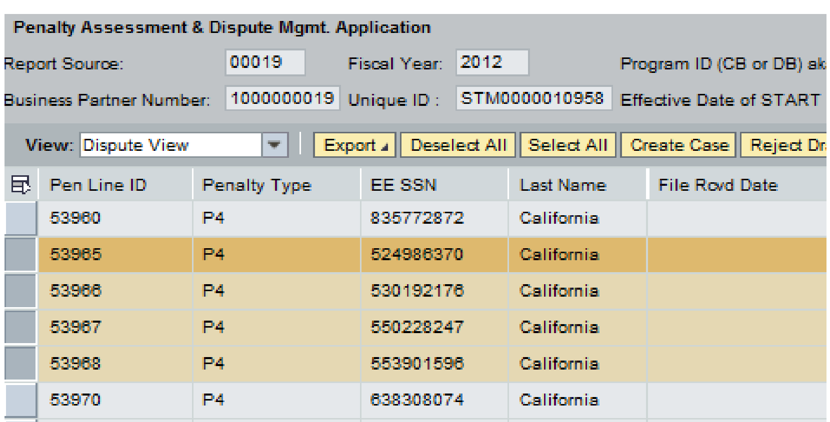
Procedure for Selecting lines using the Control key, Shift key, and Select All button (continued)

Step	Action
4	Change view to Dispute View. Click the Browser arrow in the View box and click Dispute View.



Result: PADM displays Dispute View columns

Step	Action
4 a.	Using the Control Key: Select individual lines by holding down the Control Key and clicking the grey box next to the penalty lines to be selected.
4 b.	Using the Shift Key: Select a range of lines by clicking the grey box next to the first penalty line, scroll down to the penalty line in the range to be selected, hold down the Shift Key and click the grey box next to that line.



Results for 4 a. and 4 b.: Selected lines become highlighted.

Continued on next page

Procedure for Selecting lines using the Control key, Shift key, and Select All button (continued)

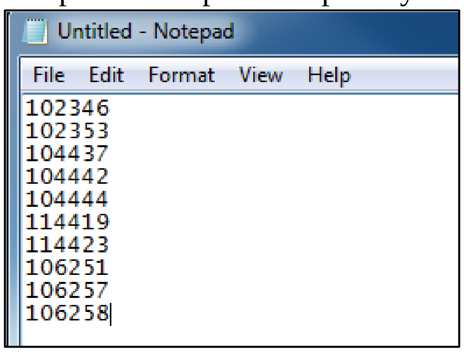
Step	Action
4 c.	Select all lines by clicking the Select All button.

Result: All lines become highlighted.
Go to step 14 to continue.

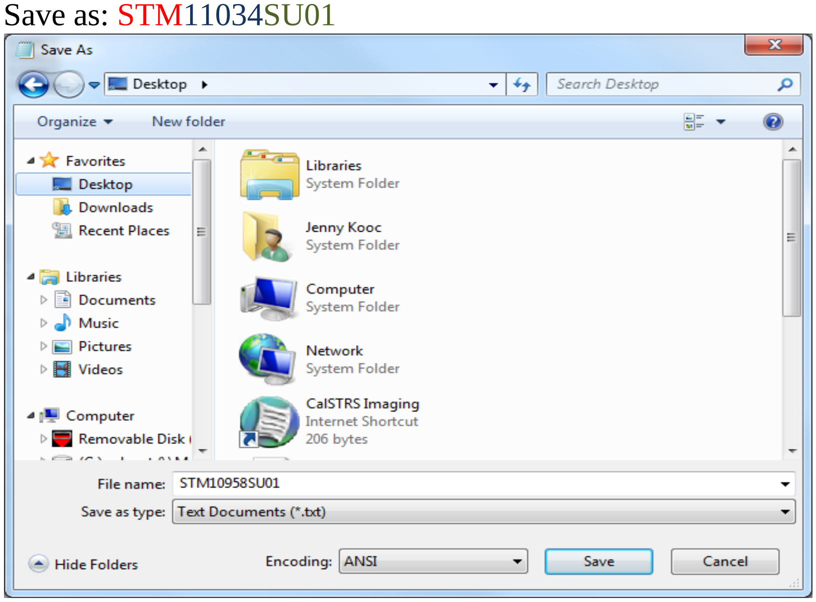
Continued on next page

Procedure for selecting lines using the Upload Penalty Lines box

Using the Upload Penalty lines box.
Note: An upload file containing the penalty line ID numbers must be created prior to performing this procedure if the draft dispute case is to be restricted to specific penalty lines. This is useful when the lines to be reviewed are scattered throughout the report and cannot be extracted by entering a specific penalty line IDs or a range of IDs.
STRS recommends using Notepad when creating a list to be uploaded.
Sample of Notepad with penalty lines entered:



Hint: When saving the Notepad file: Save as: STM#####RP09
STM will always be the same. ##### is the last 5 digits of the STM File.
RP09 is the Report Period. Note: if supplemental file, please use SU and the Number Sequence.
Example: Media ID is STM0000011034; Report Period 09
Save as: STM11034RP09
Example: Media ID is STM0000011034; Supplemental Sequence Number 01
Save as: STM11034SU01



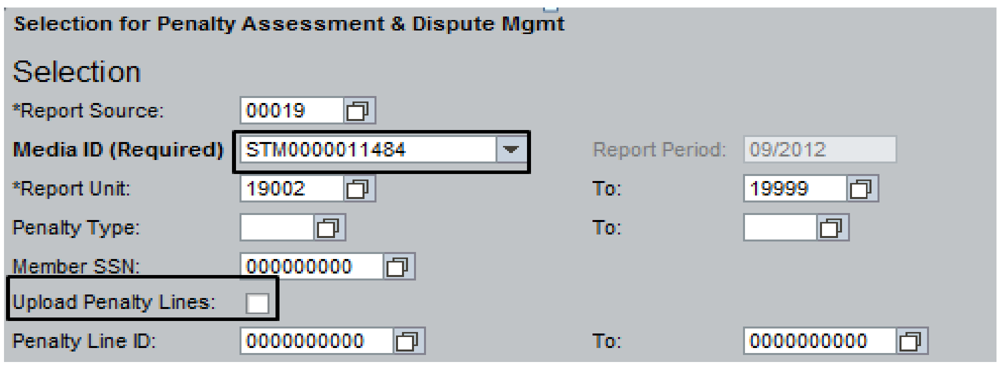
Continued on next page

Selecting lines, Continued

Procedure for selecting lines using the Upload Penalty Lines box (continued)

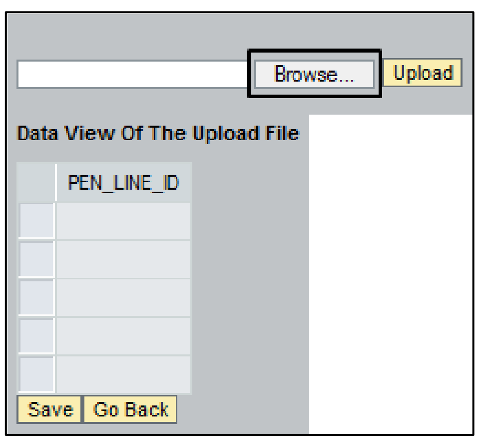
Using the following steps will only show lines that are to be disputed in the PADM application.

Step	Action
5	On the PADM selection screen, Select the Media ID.
6	Click the Upload Penalty Lines box.



Result: Browse screen appears.

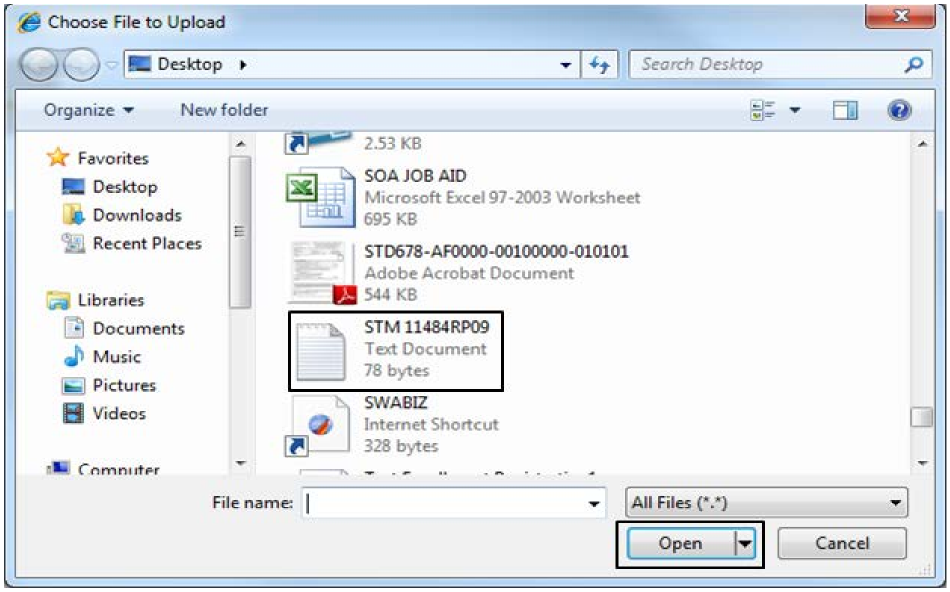
Step	Action
8	Click the Browse button to use standard windows functionality to search for upload file.



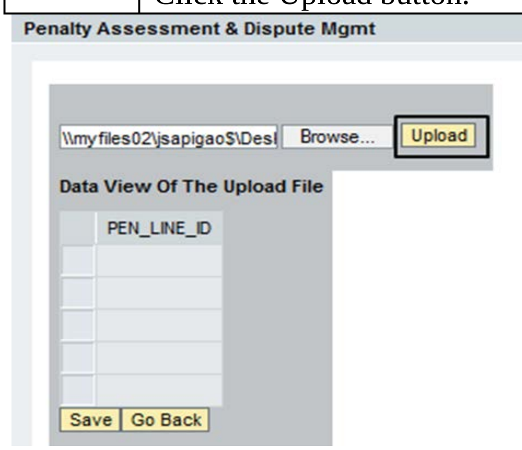
Result: The system provides standard search functionality to navigate to the document to be attached. The example shown below demonstrates a typical starting point for attaching a document. The view will differ depending on the type of system of the user.

Continued on next page

Procedure for selecting lines using the Upload Penalty Lines box (continued)



Step	Action
9	Search for the file to be uploaded. Click on the file name. Click the Open button, the browse screen will appear with the name of the file in the box next to the Browse button. Click the Upload button.



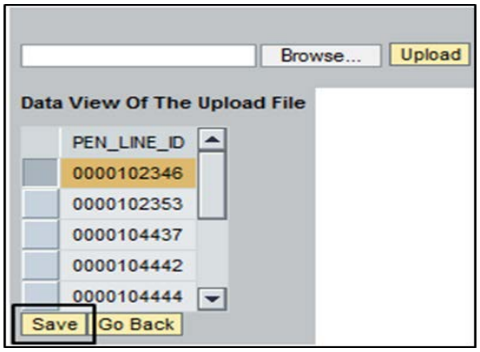
Result: Penalty lines uploaded for display. Review the list to ensure that all required lines have been uploaded.

Continued on next page

Selecting lines, Continued

Procedure for selecting lines using the Upload Penalty Lines box (continued)

Step	Action
10	Click the Save button.

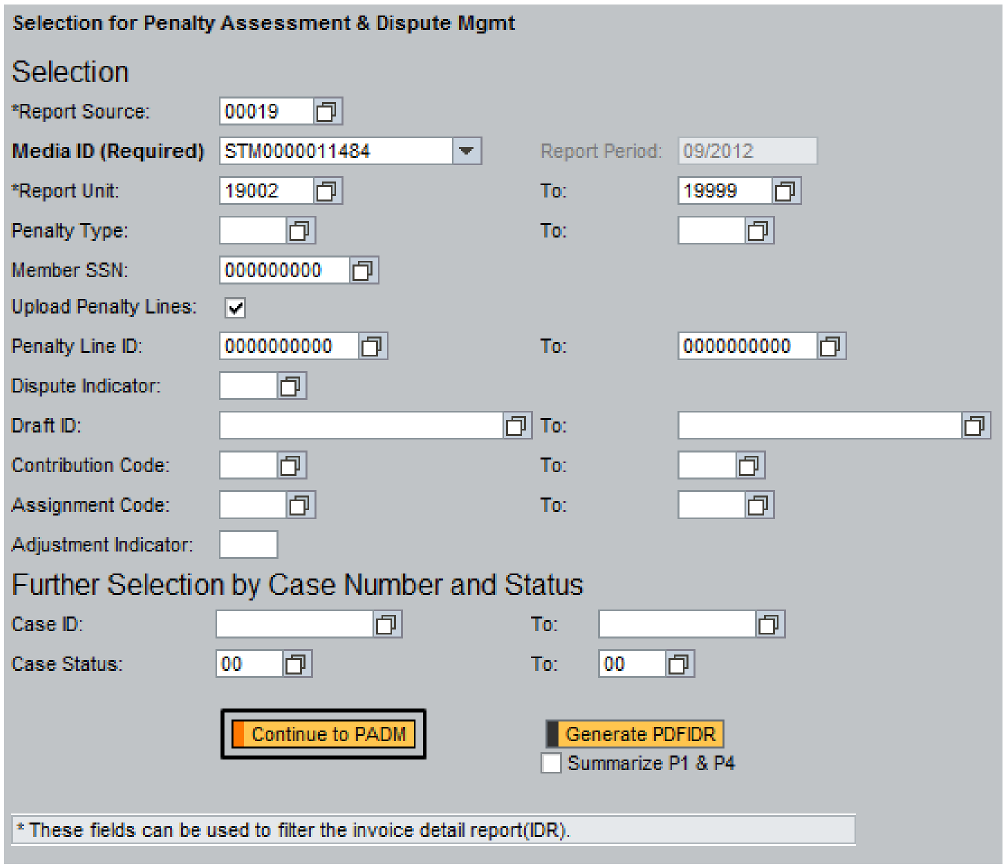


Result: PADM selection screen appears. The upload Penalty button is checked indicating the file has been uploaded.

Continued on next page

Procedure for selecting lines using the Upload Penalty Lines box (continued)

Step	Action
11	Click Continue to PADM button



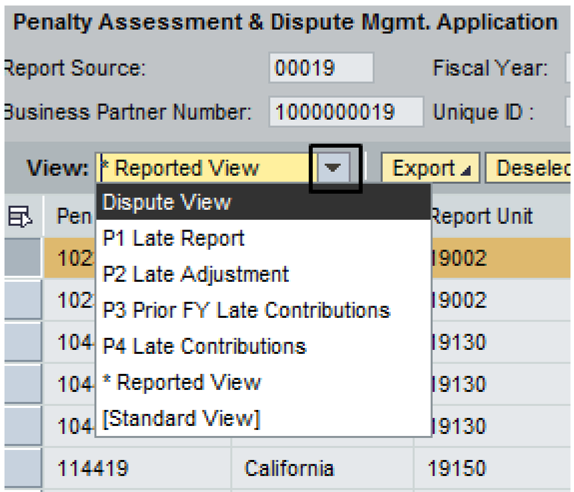
Result: The system displays all penalty lines that met the selection criteria in PADM application.

Continued on next page

Selecting lines, Continued

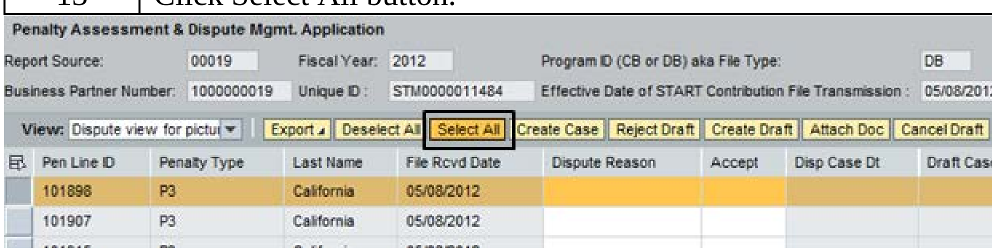
Procedure for selecting lines using the Upload Penalty Lines box (continued)

Step	Action
12	Change to Dispute View. Click the view browser button. Click the Dispute View.



Result: PADM application changes to dispute view columns.

Step	Action
13	Click Select All button.



Result: All lines highlight.
Continue with Step 14.

Create a Draft Dispute Case

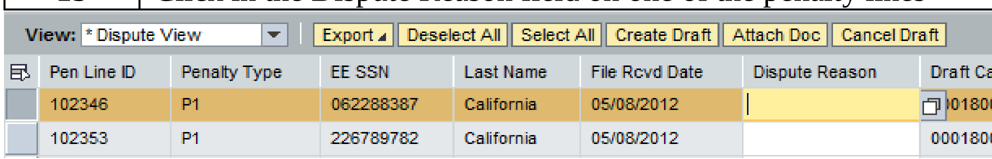
Procedure to create a draft dispute case

All penalty lines that are being disputed should be highlighted before continuing with Step 14.

Step	Action
14	Click the Create Draft button.

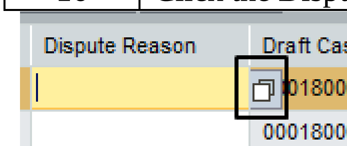
Result: System updates the screen and adds the Draft Case ID to all highlighted lines.
Note: all lines highlighted have the same Draft Case ID.

Step	Action
15	Click in the Dispute Reason field on one of the penalty lines



Result: Dispute Reason Drop Box appears next to the field.

Step	Action
16	Click the Dispute Reason Drop Box.



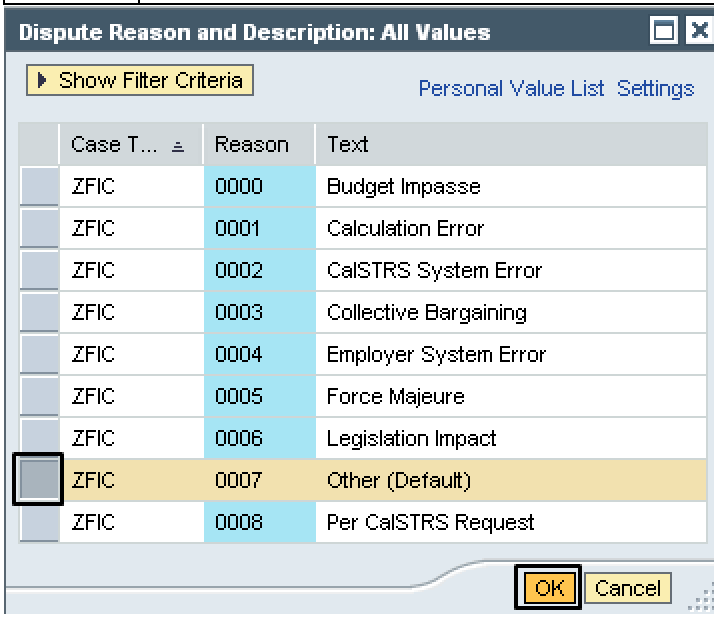
Result: The draft dispute reason codes appear.
Note: The reason code only need to be entered for one draft case line item. When the final steps for creating the draft case are completed, the system will auto-populate the remaining lines with the same reason code.
If penalty lines have different reasons, the reason code needs to be selected for each line. **The first reason code entered will auto populate for any lines that were left blank.**

Continued on next page

Create a Draft Dispute Case, Continued

Procedure to create a draft dispute case (continued)

Step	Action
17	Click the grey box to the left of the reason code. Click the OK button.



Result: Line will have reason code in Dispute Reason column.

Step	Action
18	Click the grey box next to one of the draft dispute case line items. Click the Accept Draft Case button.

Result: System updates the screen and auto populates the first dispute reason chosen for any lines that were not manually entered.

Continued on next page

Create a Draft Dispute Case, Continued

Procedure to create a draft dispute case (continued)

Step	Action
19	Click the Exit button

View: * Dispute View | Export | Deselect All | Select All | Create Draft | Attach Doc | Cancel Draft

Pen Line ID	Penalty Type	EE SSN	Last Name	File Rcvd Date	Dispute Reason	Draft Case ID
102346	P1	062288387	California	05/08/2012	0007	0001800000032012062
102353	P1	226789782	California	05/08/2012	0007	0001800000032012062
104437	P1	226791960	California	05/08/2012	0007	0001800000032012062
104442	P1	508478184	California	05/08/2012	0007	0001800000032012062
104444	P1	525343005	California	05/08/2012	0007	0001800000032012062
114419	P1	561306626	California	05/08/2012	0007	0001800000032012062
114423	P1	561602819	California	05/08/2012	0007	0001800000032012062
106251	P1	674164340	California	05/08/2012	0007	0001800000032012062
106257	P1	712326484	California	05/08/2012	0007	0001800000032012062
106258	P1	727965551	California	05/08/2012	0007	0001800000032012062

Save Data | Go Back | Exit | Remove Saved Data | Load Saved Rows | Load All Rows | Show Split/Grouped View | Accept Draft Case

Result: System exits to blank PADM selection screen.

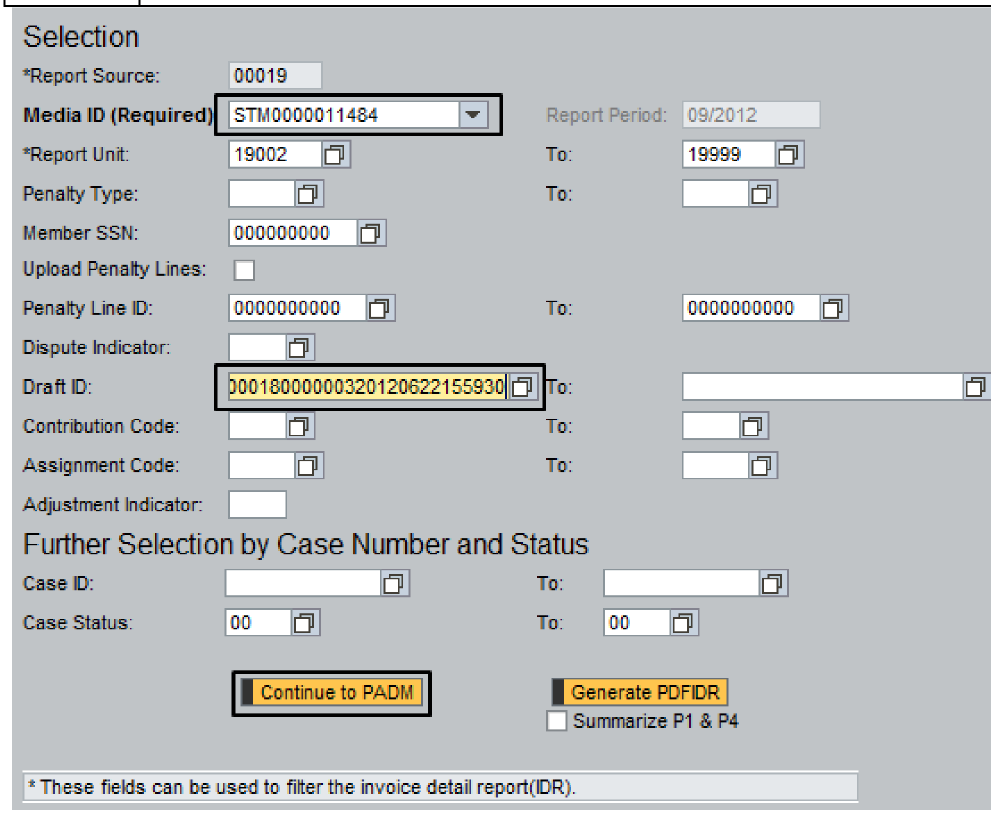
Note: If the Report Unit creates a draft dispute case, the Report Source will receive an email notifying that a report unit created a draft dispute case.

End of procedure.

Cancel a Draft Dispute Case or penalty line within a Draft Dispute Case

Procedure

Step	Action
1	Select Media ID. Enter the Draft Case ID in the Draft ID box on the PADM Selection.
2	Click the Continue to PADM button.



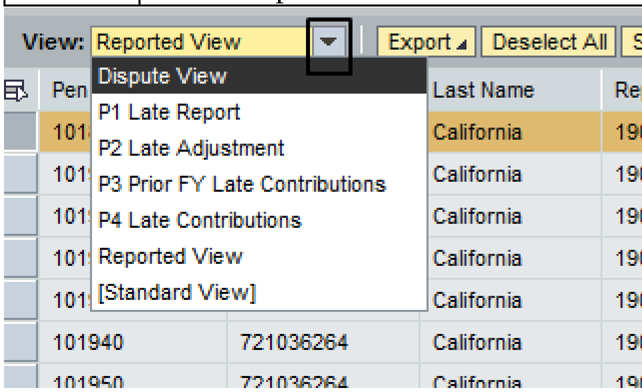
Result: PADM application opens with Draft Dispute Case lines only.

Continued on next page

Cancel a Draft Dispute Case or penalty line within a Draft Dispute Case, Continued

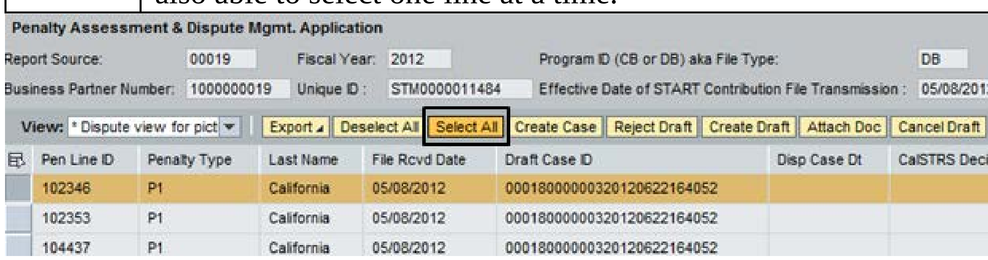
Procedure
(continued)

Step	Action
3	Change view to Dispute View. Click the browser button on the View box.
4	Click Dispute View.



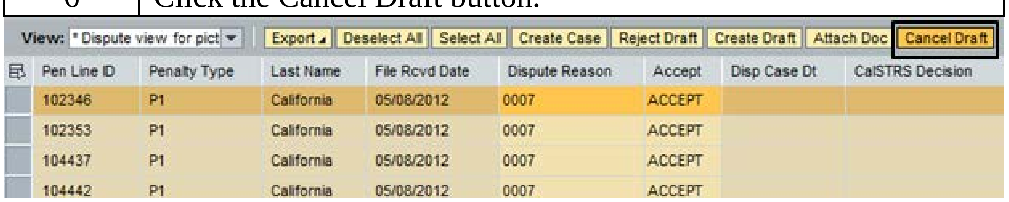
Result: PADM application changes to Dispute View columns

Step	Action
5	Click the Select All button. If selecting individual lines, use the Control key or Shift key, also able to select one line at a time.



Result: All lines highlight if using the Select All button.

Step	Action
6	Click the Cancel Draft button.



Result: System updates the screen and removes the draft dispute case ID from the Draft Case ID field.

Continued on next page

Cancel a Draft Dispute Case or penalty line within a Draft Dispute Case, Continued

Procedure
(continued)

Result: System now displays ***S*** (Report Source) or ***U*** (Report Unit) in the Cancel By column designating that the case has been canceled by the Report Source or Report Unit.

Step	Action
7	Click The Exit button.

Result: System exits to blank PADM selection screen
End of Procedure.

Approve Draft Dispute Case

Overview

Introduction

Use this procedure to approve a draft dispute case. The Report Source will receive notification that a Report Unit has created a draft dispute case. That case is **reviewed** and subsequently promoted to an actual dispute case. This process is also used to convert a draft dispute case created by the Report Source.

A draft dispute case must have been created prior to performing this procedure. The draft dispute case should be **reviewed** and any penalty line that should not be disputed should be canceled prior to creating the Dispute Case.
Information needed to create a Dispute Case:

- Media ID
- Draft Dispute Case ID
- Unit ID (optional)

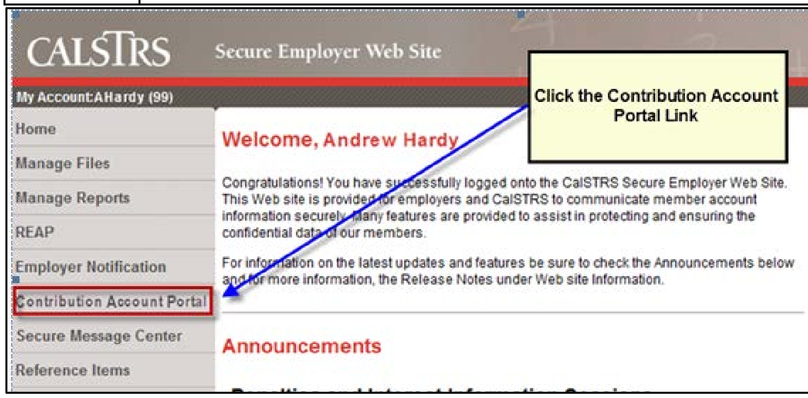
Contents

This publication contains the following topics:

Approve a Draft Dispute Case

Procedure

Step	Action
1	Starting at the SEW home page, click the Contribution Account Portal link.

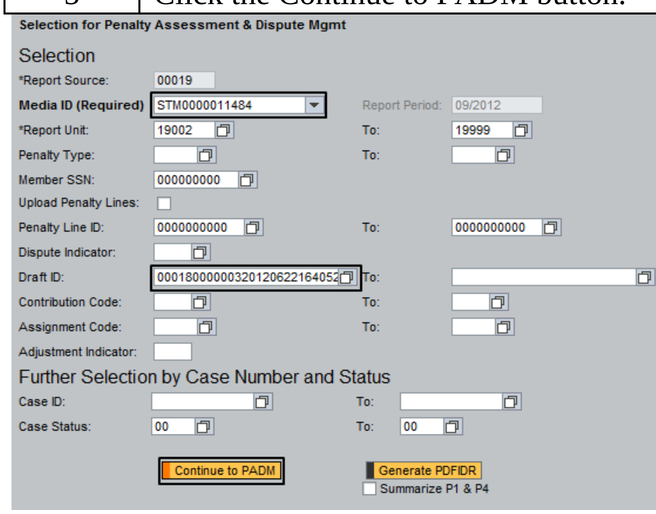


Result: Contribution Account Portal opens to Open Bills tab.

Step	Action
2	Click the Penalty Assessment & Dispute Mgmt link.

Result: Penalty Assessment & dispute Mgmt selection screen opens.

Step	Action
3	Select Media ID by clicking the browse button.
4	Enter Draft Dispute ID in Draft ID box.
5	Click the Continue to PADM button.



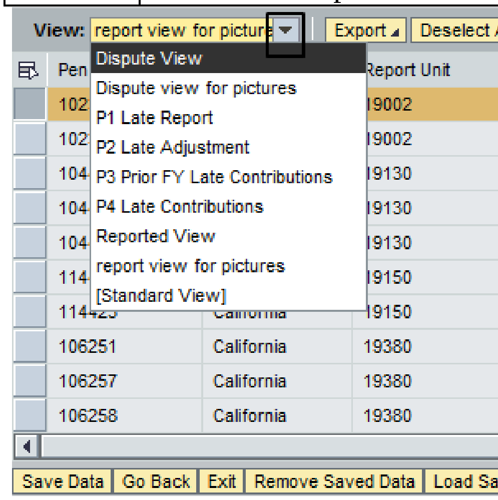
Result: PADM application screen opens with draft dispute case lines in First View.

Continued on next page

Approve a Draft Dispute Case, Continued

Procedure (continued)

Step	Action
6	Change view to Dispute View. Click the View Browse button and select Dispute View.



Result: Dispute View Columns are shown in PADM application.

Step	Action
7	Click the Select All button

Result: All lines highlight.

Step	Action
8	Click the Create Case button.

Result: The CREATE OR UPDATE A DISPUTE CASE screen appears.

Continued on next page

Approve a Draft Dispute Case, Continued

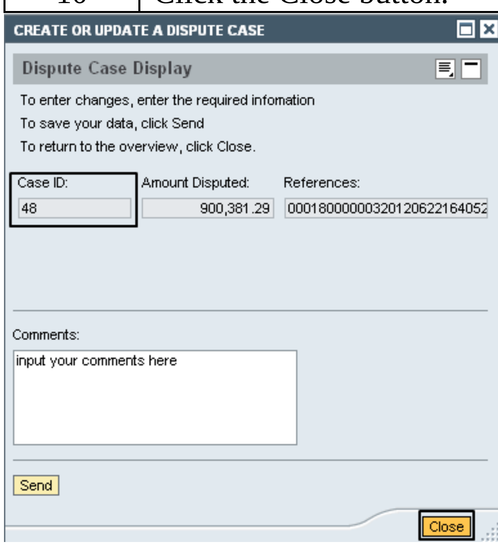
Procedure
(continued)

Note: the draft dispute case ID number will appear in the References field. The entry of notes/comments at this point is optional. Enter comments that may help to resolve the dispute case. To enter notes click in the comments box and type.

Step	Action
9	Click the Send button.

Result: System displays Case ID number in Case ID box.

Step	Action
10	Click the Close button.



Result: PADM application appears. The display

Continued on next page

Approve a Draft Dispute Case, Continued

Procedure
(continued)

Step	Action
11	Click the Exit button

Pen Line ID	Penalty Type	Last Name	File Rcvd Date	Case ID	Disp Ind	Case Status	Status Description	Draft Ca
102346	P1	California	05/08/2012	48		10	New	000180
102353	P1	California	05/08/2012	48		10	New	000180
104437	P1	California	05/08/2012	48		10	New	000180
104442	P1	California	05/08/2012	48		10	New	000180
104444	P1	California	05/08/2012	48		10	New	000180
114419	P1	California	05/08/2012	48		10	New	000180
114423	P1	California	05/08/2012	48		10	New	000180
106251	P1	California	05/08/2012	48		10	New	000180
106257	P1	California	05/08/2012	48		10	New	000180
106258	P1	California	05/08/2012	48		10	New	000180

Result: Blank PADM screen appears. Dispute Indicator changes to green indicating dispute case created by report source.
End of procedure.