



District Business & Advisory Services

Judy Kershaw, Director - DBAS: 408-453-6599

Bulletin: 17-012

Date: November 16, 2016

To: District Chief Business Officers
District Fiscal Directors
Payroll and Human Resource Managers

From: Nghia Do, Advisor

Re: Off-Salary-Schedule Pay for California Public Employees' Retirement Systems
(CalPERS) Members

The purpose of this bulletin is to notify Districts about CalPERS' clarification on Off-Salary-Schedule payments for CalPERS members in the Circular Letter 200-048-16 (see attached).

- Off-Salary-Schedule Pay is listed as an item of special compensation in section 571(a) of Title 2 of the California Code of Regulations under the category of Incentive Pay.
- For Classic members: Off-Salary-Schedule Pay is reportable **only** when a pay increase has not been granted in the same fiscal year.
- For Public Employees' Pension Reform Act of 2013 (PEPRA) members: Off-Salary-Schedule Pay is **not** reportable, as it is considered an ad hoc payment.

In the Circular Letter 200-048-16, CalPERS has provided some examples of when Off-Salary-Schedule Pay is not reportable or only partially reportable for Classic members.

If you have further questions on how to report Off-Salary-Schedule Pay for Classic members, please contact the CalPERS Customer Contact Center at 1-888-225-7377.

Please distribute this information within your District as deemed appropriate.



California Public Employees' Retirement System
P.O. Box 942715
Sacramento, CA 94229-2715
(888) CalPERS (or 888-225-7377)
TTY: (877) 249-7442
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Circular Letter: 200-048-16
Distribution: V, VI, XII, XVI

Circular Letter

November 10, 2016

TO: **ALL CONTRACTING PUBLIC AGENCIES AND SCHOOLS**

SUBJECT: **OFF-SALARY-SCHEDULE PAY**

The purpose of this Circular Letter is to define Off-Salary-Schedule Pay and provide the correct method of reporting this pay for classic members of the California Public Employees' Retirement System (CalPERS).

Helpful Related Terms

- Compensation Earnable - is defined in Government Code (G.C.) sections 20636 and 20636.1 and includes payrate and special compensation.
- Special Compensation - is specifically and exclusively defined and listed in section 571 of Title 2 of the California Code of Regulations (CCR).
- Off-Salary-Schedule Pay - is listed as an item of special compensation in section 571(a) of Title 2 of the California Code of Regulations under the category of Incentive Pay.

Off-Salary-Schedule Pay Defined

Off-Salary-Schedule Pay is defined in section 571(a) of Title 2 of the California Code of Regulations, as the following:

Off-Salary-Schedule Pay - Compensation in addition to base salary paid in similar lump-sum amounts to a group or class of employees. These payments are routinely negotiated through collective bargaining in lieu of increases to the salary schedule. These payments are based on a similar percent of scheduled salary not to exceed six percent (6%) per fiscal year. The contracting agency or school employer may adopt similar action for non-represented groups or classes of employment as were negotiated through collective bargaining.

Reporting Off-Salary-Schedule Pay

Off-Salary-Schedule Pay is reportable **only** for classic members and **only** when a pay increase has **not** been granted in the same fiscal year. Any award of Off-Salary-Schedule Pay should be documented in a public record that is available for public review, as required by G.C. sections 20636(d) and 20636.1(d).

Here are some examples of when Off-Salary-Schedule Pay is **not** reportable or only partially reportable:

1. Group A – Receives pay increase effective 7/1/16
Group A – Receives Off-Salary-Schedule Pay for fiscal year 16/17
(Off-Salary-Schedule Pay is not reportable because it is only reportable in lieu of a pay increase for each fiscal year)

2. Group A – Received pay increase effective on 7/1/15
Group A – Receives retro-active Off-Salary-Schedule Pay for the 15/16 fiscal year
(Off-Salary-Schedule Pay is not reportable because it is only reportable in lieu of a pay increase for each fiscal year)

3. Group A – Receives no pay increase on 7/1/16
Group A – Receives 8 percent Off-Salary-Schedule Pay for fiscal year 16/17
(Off-Salary-Schedule Pay is reportable because the group did not receive a pay increase in the 16/17 fiscal year, but only 6 percent of the 8 percent of Off-Salary-Schedule Pay can be reported because Off-Salary-Schedule Pay cannot exceed 6 percent per fiscal year)

Off-Salary-Schedule Pay and New Members of CalPERS

“Pensionable compensation” is applicable for new members, those typically hired on or after January 1, 2013, and must meet the requirements set forth in G.C. section 7522.34. All members that do not fall within the definition of a new member as defined by G.C. section 7522.04(f) are considered classic members.

G.C. section 7522.34(c) sets forth what is excluded from “pensionable compensation” for new members. Off-Salary-Schedule Pay is **not** reportable for new members, according to G.C. section 7522.34(c), as it is considered an ad hoc payment. More information regarding “pensionable compensation” for new members can be found in Circular Letter No. 200-062-12.

If you have any questions, please contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Renee Ostrander, Chief
Employer Account Management Division