



District Business and Advisory Services

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

Bulletin: 20-018

Date: January 17, 2020

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

From: Nghia Do, District Business Advisor

Re: California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS): Legislation and Other Updates

Updates on CalPERS:


Statutory and Regulatory Requirements for Publicly Available Pay Schedules

In compliance with the Public Employees' Retirement Law (PERL) and Public Employees' Pension Reform Act of 2013 (PEPRA), CalPERS requires all CalPERS contracted school districts and county offices of education to provide CalPERS with a Publicly Available Pay Schedule. Publicly available pay schedules are a critical component to verify all members' pay rates when calculating members' retirement benefits.

- Subdivision (a) of the California Code of Regulations (CCR) section 570.5 defines the requirements for a public available pay schedule used to determine pay rates. A compliant pay schedule must meet all the following eight (8) requirements:
 1. Be duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws
 2. Identify the position title for every employee position
 3. Show pay rate as a single amount or multiple amounts within a range for each identified position
 4. Indicate the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annual
 5. Be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted in the employer's website
 6. Indicate an effective date and date of any revisions
 7. Is retained by the employer and available for public inspection for not less than five years
 8. Does not reference another document in lieu of disclosing the pay rate
- Maintaining a compliant publicly available pay schedule will support transparency and expedite CalPERS' review process.

- If an employer fails to meet the requirements of subdivision (a) of CCR section 570.5, under subdivision (b), the board may determine in its sole discretion an amount that will be considered as pay rate, taking into consideration all information it deems relevant including, but not limited to, the followings:
 1. Documents approved by the employer’s governing board in accordance with requirements of public meeting laws and maintained by the employer
 2. Last pay rate listed on a pay schedule that conforms to the requirements of subdivision (a) with the same employer for the position at issue
 3. Last pay rate for the member that is listed on a pay schedule that conforms to the requirements of subdivision (a) with the same employer for a different position
 4. Last pay rate for the member in a position that was held by the member and that listed on a pay schedule that conforms to the requirements of subdivision (a) of a former CalPERS employer
- Failure to provide CalPERS with a compliant publicly available pay schedule may result in retirement benefit being delayed.

Please refer to the CalPERS circular letter 200-003-20 dated January 8, 2020 for more details: <https://www.calpers.ca.gov/docs/circular-letters/2020/200-003-20.pdf>

 2020 CalPERS Compensation Limits for Classic and PEPRA Members

CalPERS Compensation Limits	2019	2020	Change
Classic Members	\$280,000	\$285,000	+\$5000
PEPRA Members			
Social Security Participants	\$124,180	\$126,291	+\$2,111
Non-Social Security Participants	\$149,016	\$151,549	+\$2,533

Notes:

- Members with membership dates prior to July 1, 1996, are not impacted by these limits.
- The employer is responsible to monitoring when an employee meets or exceeds the limit.
- Classic and PEPRA members should not make contributions on compensation that exceeds the limit for each calendar year. In addition, exclude items such as overtime, automobile allowances, and lump-sum payouts for all compensation reported.

Please refer to the CalPERS circular letter 200-001-20 dated on January 6, 2020 for more details: <https://www.calpers.ca.gov/docs/circular-letters/2020/200-001-20.pdf>

Updates on CalSTRS:

Assembly Bill (AB) 644 – CalSTRS Housekeeping

AB 644 was signed into law by the Governor as Chapter 96, Statute of 2019 and is effective January 1, 2020. The bill makes various changes to the Education Code to facilitate administration of the State Teachers' Retirement Plan. CalSTRS doesn't anticipate these changes to affect the school districts and county offices of education's day-to-day procedures; however, the school employers might be interested in some following provisions:

- Remuneration in Addition to Salary and Compensation Earnable Clean-up
 - ✓ A new term 'annualized pay rate' is defined as the salary or wages a person could earn during a school term for service performed in an assignment on a full-time basis.
 - ✓ Compensation earnable, as used to determine final compensation for Defined Benefit (DB) Program benefit, means the weighted average of pay rates for a school year plus remuneration in addition to salary.
 - ✓ Only salary and wages are used to determine service credit.
 - ✓ Creditable compensation is either salary or remuneration in addition to salary.
- Employer Certification for Refund Application
 - ✓ AB 644 amends the employer certification requirement for refund or termination benefit applications from twelve (12) months prior to the member's signature date to the twelve (12) months prior to the application receipt date.
- Applicability of Assessment to Disability Retirement
 - ✓ AB 644 clarifies that an assessment for a previously canceled or changed preretirement option elections will only be applied when a member retires for service.

Assembly Bill (AB) 1452 – Membership Clean-up

AB 1452 was signed into law by the Governor as Chapter 315, Statutes of 2019 and effective January 1, 2020. The bill makes minor and conforming changes to provisions regarding membership in the DB Program and participation in the Cash Balance (CB) Program.

- Membership Date for Part-Time Employee Contracted to Work 50% of Full-Time
 - ✓ A school district or county office of education's employee who perform creditable service on a part-time basis for 50% or more of the time the employer requires for the full-time position becomes the first day of employment.
- Other Defined Benefit Membership Provisions
 - ✓ AB 1452 clarifies that DB Program membership for community college employee is based on whether the employee is employed on a temporary or permanent basis. CalSTRS does not aggregate service in multiple positions to determine membership.

- Cash Balance Participation Provisions
 - ✓ AB 1452 specifies the process by which eligible employees may permissively elect to participate in the CB Program.
 - ✓ AB 1452 also specifies the process for a current member of the DB Program, who first elect to participate in the CB Program for service performed for an employer offering the CB Program, to later elect DB coverage for subsequent service for that employer.

Please distribute this memo within your District as deemed appropriate.