



## District Business and Advisory Services

Bulletin: 21-007

Date: July 31, 2020

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

From: Nghia Do, District Business Advisor

Re: California Public Employees' Retirement System (CalPERS):  
Common Issues on Special Compensation Reporting and Labor Agreement Conditions  
New Automated Process to Permanently Separate Retirement Appointments that Meet Specific Criteria

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### Common Issues on Special Compensation Reporting and Labor Agreement Conditions

CalPERS Circular Letter 200-019-20 addresses the commonly misreported items of special compensation based on language in the Memoranda of Understanding (MOU) and/or Labor Agreement. Below summarizes and lists the common errors on reporting special compensations and MOU/Labor Agreement for both Classic and PEPR members:

#### Common Errors on Reporting Special Compensations:

- Lump-Sum Reporting
- Top Step Requirements
- Bonus Pay for Classic Members
- Temporary Upgrade Pay for Classic Members
- Categories & Types

#### Common Errors on MOU/Labor Agreement:

- Group or Glass
- Condition(s) for Payments
- Combination of Eligibility Requirements
- Final Settlement Pay

#### Impacts for Employers and Members:

Misreported special compensation can create financial hardships for members because special compensation items are one of the factors in calculating a member's retirement benefit. Employers should properly identify special compensation items for transparency and reduce inaccurate data to be reported to CalPERS. Inaccurate special compensation items may also result in:

- Loss of benefit because of enforcement of an administrative hold on a member's account
- Delay of a member's retirement date due to additional review required
- A reoccurring administrative fee for delinquent resolution and erroneous payroll until compliance is obtained
- Escalation of the employer's Employer Compliance Review to the CalPERS Board of Administration's Risk & Audit Committee for further action
- Revocation of the employer's contract and/or pursuing all available remedies to enforce the PERL
- Notification to the employer's impacted members or bargaining groups to inform them of the employer's inability to make the necessary corrections and how it may impact their retirement and/or benefit

To ensure consistent, transparent, and compliant when reporting special compensation items based on the MOU/Labor Agreements, employers may contact CalPERS' Compensation Compliance & Audit Resolution team via email at [MOU\\_Review@calpers.ca.gov](mailto:MOU_Review@calpers.ca.gov) for guidance and recommendation.

Please refer to the CalPERS circular letter 200-019-20 dated July 28, 2020 for more details:

<https://www.calpers.ca.gov/docs/circular-letters/2020/200-019-20.pdf>

#### **New Automated Process to Permanently Separate Retirement Appointments that Meet Specific Criteria**

To ensure the integrity of myCalPERS data, retirement appointments that meet specific criteria will now be permanently separated through a monthly automated process. This process occurs on the last business day of every month. Permanent separations should be reported once an employee ends employment with your school district, so accurate membership details are captured within my CalPERS.

##### Separation Criteria:

The following retirement appointments will be permanently separated:

- Active appointment with the start date of six months or greater with no payroll ever reported
- Active appointment that has not had payroll reported and posted within the last six months
- Active or on leave appointment from a retired member

The following retirement appointments will be excluded from the automated process:

- Retired annuitants
- Non-contributory appointments
- Health-only appointments
- Retirement appointments with an active health enrollment associated to the appointment

School districts and county offices of education are still responsible for properly maintaining accurate employment data for their employees.

Please refer to the CalPERS circular letter 200-036-20 dated July 16, 2020 for more details:

<https://www.calpers.ca.gov/docs/circular-letters/2020/200-036-20.pdf>

*Please distribute this memo within your District as deemed appropriate.*