

# School Employer Advisory Committee

May 10, 2023

# Housekeeping (1 of 2)

Webinar is being recorded

Attendee mics are muted

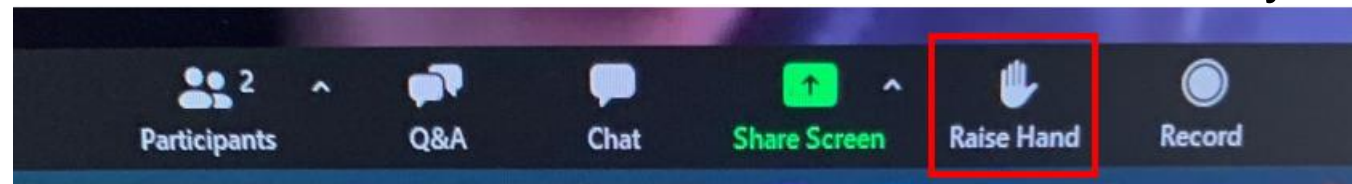
Meeting materials available on [www.calpers.ca.gov](http://www.calpers.ca.gov)

Email: [CalPERS\\_SEAC@calpers.ca.gov](mailto:CalPERS_SEAC@calpers.ca.gov)

# Housekeeping (2 of 2)

Options to submit a question for panelist(s):

- Q&A feature
- Raise Hand feature
  - Use raise hand feature to indicate you have a question. The host will call on you to unmute your mic and pose your question.
  - While unmuted, your profile picture and name will display to the host and panelists
  - Only your name will display to the other attendees
  - Select **Lower Hand** to lower, if needed. **Note:** this will not mute yourself if you're unmuted



# Agenda (1 of 2)

Legislative Update – Andrea Peters

ES 372 Form – Ran Ball

State Social Security Administrator Update – Veronica Silva-Gil

Compensation Reporting Web Page Update – Ken Noss

Break – 10 minutes

# Agenda (2 of 2)

Employer Certification – Ryan Bieker

Contribution Rates – Paul Tschida

CalPERS Educational Forum – Susan Forrer

Questions and Answers – Renee Ostrander and Christina Rollins

# Legislative Update

Andrea Peters  
Legislative Affairs Division

# ES 372 Form

Ran Ball

Employer Account Management Division

# Retirement System Election

## What is a Retirement System Election (ES 0372)?

**Retirement System Election**  
ES 0372 REV 06/21

(For CalSTRS' Official Use Only)



**RETIREMENT SYSTEM ELECTION AND ACKNOWLEDGEMENT OF RECEIPT OF RETIREMENT SYSTEM INFORMATION**

Please read the attached information and instructions before completing this form. Please type or print legibly in dark ink.

**SECTION 1: Member Information and Election (to be completed by employee)**

NAME (LAST, FIRST, MIDDLE INITIAL) SOCIAL SECURITY NUMBER

A member of **CalSTRS** who becomes employed in a new position by the same or a different school district, a community college district, a county superintendent of schools, limited state employment or the Board of Governors of the California Community Colleges, as defined in Education Code sections 22508 and 22508.5, to perform service that requires membership in a different public retirement system will have that service credited with that other public retirement system unless the member files a written election (within 60 days after the date of hire) to have that service covered by CalSTRS, pursuant to Education Code section 22508(a) or 22508.5(a).

I am a member of **CalSTRS** who has accepted employment to perform service that requires membership in a different public retirement system and am eligible to elect to continue retirement system coverage under CalSTRS.

- I elect coverage in: (please choose one)
- CA State Teachers' Retirement System (CalSTRS)
  - CA Public Employee's Retirement System (CalPERS) \*
  - A Different Public Retirement System identified here: \_\_\_\_\_

OR

A member of **CalPERS** who was employed by a school employer, Board of Governors of the California Community Colleges or State Department of Education within 120 days before the member's date of hire, or who has at least five years of CalPERS credited service, as defined in Government Code section 20309, and who is subsequently employed to perform creditable service that requires membership in the Defined Benefit Program of CalSTRS, will have that service credited with CalSTRS unless the member files a written election (within 60 days after the date of hire) to have the service credited with CalPERS, pursuant to Government Code section 20309.

I am a member of **CalPERS** who has accepted employment to perform service that requires membership in the CalSTRS Defined Benefit Program and am eligible to elect to continue coverage under CalPERS.

- I elect coverage in: (please choose one)
- CA State Teachers' Retirement System (CalSTRS)
  - CA Public Employee's Retirement System (CalPERS) \*



RETIREMENT SYSTEM ELECTION • REV 06/21 • PAGE 1 of 2



Client ID: \_\_\_\_\_

OR SSN: \_\_\_\_\_

*With my signature below, I certify that I have received information from my employer regarding my eligibility to elect membership for this position as described on this form. I fully understand that this election is irrevocable. I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of altering or receiving a benefit administered by CalSTRS and it may result in up to one year in jail and/or a fine of up to \$5,000 pursuant to Education Code section 22010.*

EMPLOYEE SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

**SECTION 2: Employer Certification (to be completed by employer and County Office of Education)**

*With my signature below, I certify that I have provided information to the above employee regarding his/her eligibility to elect membership for this position, pursuant to Education Code section 22509. I certify the employee meets the qualifications to make a retirement system election, pursuant to Education Code sections 22508 or 22508.5, or Government Code section 20309.*

**EMPLOYEE POSITION INFORMATION:**

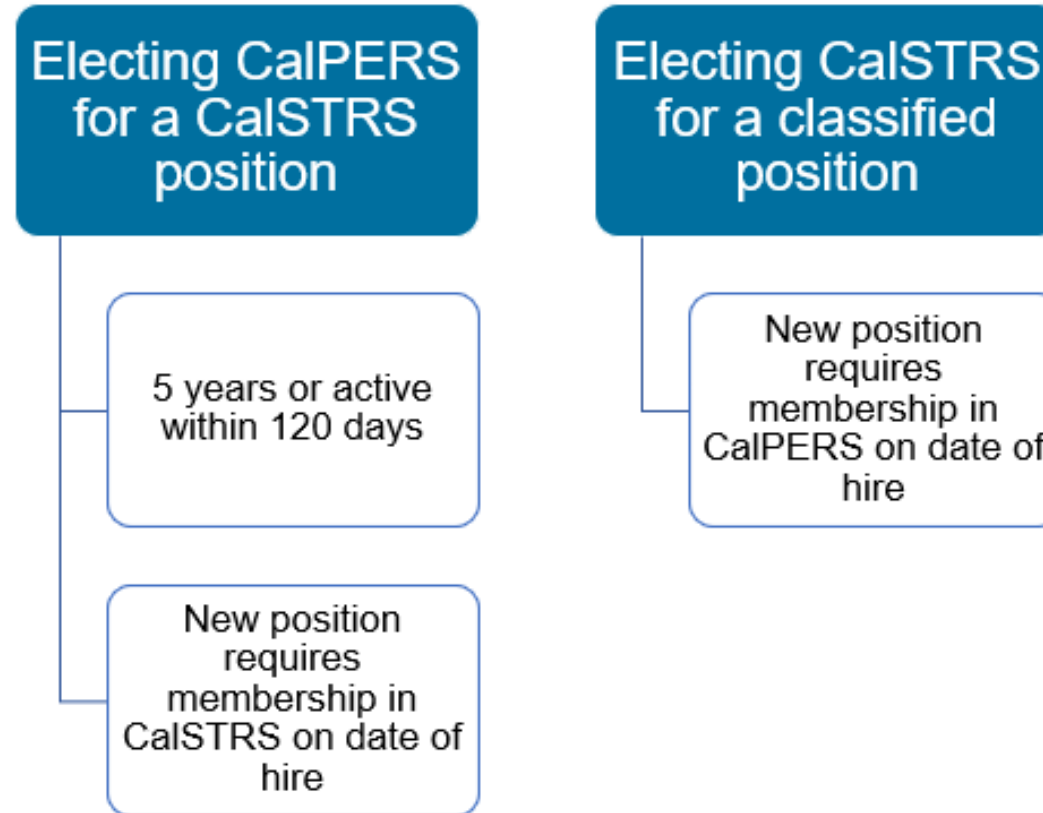
POSITION HIRE DATE	POSITION EFFECTIVE DATE	POSITION TITLE
SELECT ONE: <input type="checkbox"/> CREDENTIALLED <input type="checkbox"/> CLASSIFIED <input type="checkbox"/> STATE SERVICE		

**EMPLOYER INFORMATION:**

COD/DIST/STATE DEPT NAME	CALSTRS REPORT UNIT CODE	
SCHOOL/STATE OFFICIAL'S NAME	TITLE	PHONE NUMBER
SIGNATURE OF SCHOOL/STATE OFFICIAL		DATE
COUNTY OFFICIAL'S NAME	TITLE	PHONE NUMBER
SIGNATURE OF COUNTY OFFICIAL		*CALPERS EMPLOYER CODE



# Retirement System Eligibility Requirements



# Types of Reportable Positions

## Positions reportable to CalSTRS

- Teachers
- Counselors
- Nurses
- Librarians
- Superintendent / Chancellors

## Positions reportable to CalPERS

- Custodial
- Some office personnel
- Cafeteria
- School employees otherwise not eligible for CalSTRS coverage

# Scenario One



## Sierra

**CalSTRS membership:** No

**CalPERS membership:** Yes – effective 10/01/2011 (10 years)

**Prior CalPERS separation:** 10/01/2021 – School district

**New position effective date:** 10/25/2021

**Position:** Full-time credentialed

**Employee electing:** CalPERS

# Scenario One: Solution



Sierra can elect CalPERS

- Position meets CalSTRS qualifications
- Position qualifies as she has 10 years of service

# Scenario Two



## Mary

**CalSTRS membership:** No

**CalPERS membership:** Yes – effective 04/01/2017 (4.5 years)

**Prior CalPERS separation:** 10/01/2021 – School district

**New position effective date:** 10/25/2021

**Position:** Full-time credentialed

**Employee electing:** CalPERS

# Scenario Two: Solution



Mary can elect CalPERS

- Qualifies by having previous school employment in CalPERS within 120 days of new hire date
- Position meets CalSTRS qualifications

# Scenario Two: What If?



If Mary's previous employment was with a public agency or CSU

- No, it would not qualify

Although the position qualifies with CalSTRS, Mary did not meet CalPERS requirements

# Scenario Three



## Sam

**CalSTRS membership:** No

**CalPERS membership:** Yes – effective 01/01/2016 (5 years)

**Prior CalPERS separation:** 01/01/2021 – School district

**New position effective date:** 01/25/2021

**Position:** Substitute Teacher

**Employee electing:** CalPERS



# Scenario Three: Solution



Sam is not eligible to elect CalPERS coverage

- Position does not require membership in the CalSTRS defined benefit program as of the first date of hire

# Employer Resources

## CalPERS Customer Contact Center

- **888 CalPERS** (or **888-225-7377**)

[Member\\_Election\\_Team@calpers.ca.gov](mailto:Member_Election_Team@calpers.ca.gov)

[Public Agency & School Reference Guide](#)

# Membership Election Questions

# State Social Security Administrator Update

Veronica Silva-Gil  
Employer Account Management Division



Official State Social Security Administrator

# Topics

## Social security coverage

- Classified
- Certificated
- County Offices of Education
- Additional coverage

## Annual Information Request (AIR) and clean up efforts Letter



# Classified Positions



# 1951 Social Security Act Amendment

Section 218 allows state and local governments to provide Social Security benefits

AGREEMENT

THIS AGREEMENT entered into this 9<sup>th</sup> day of March, 1951, by and between the United States of America, acting by and through Oscar R. Ewing, Federal Security Administrator, by virtue of authority vested in him by Section 218 of the Social Security Act, as amended, party of the first part hereinafter called "Administrator" and the State of California, acting by and through the Director of Finance of the State of California, by virtue of the authority granted him by Chapter 46, California Statutes of 1950, 3rd Extra Session, party of the second part hereinafter called "State";



# School Social Security – Classified Positions

1956: State of California modified the Master Agreement to provide Social Security coverage for **all** schools in California

- Classified CalPERS-covered positions only

MODIFICATION NO. 315

TO CALIFORNIA STATE SOCIAL SECURITY AGREEMENT

The Secretary of Health, Education, and Welfare and the State of California, acting through its representative designated to administer its responsibilities under the agreement of March 9, 1951, hereby accept as additional coverage groups under said agreement and acknowledge full applicability of the terms of said agreement to the following:

Services performed by individuals as employees of the school district of the State of California listed in the attached Appendices A and B, which by this reference are incorporated herein, as members of coverage groups (as defined in Section 218(d)(4) of the Social Security Act) of the retirement systems designated as Part I of the State Employees' Retirement System,





# Certificated Positions



# School Social Security – Certificated Positions

## Modification 315 Coverage

- CalPERS positions
- Not CalSTRS positions

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# County Offices of Education



Official State Social Security Administrator

# County Offices of Education (COE)

1979: COEs became independent

1980: Social Security coverage for COE employees ended

- Unless the COE entered into a new Section 218 Agreement



# Annual Information Request



# SSSA Questions



Official State Social Security Administrator

# Compensation Reporting Webpage Update

Ken Noss

Employer Account Management Division

# Full-Time Equivalent Payrate (1 of 3)

## Government (Gov.) Code 20636.1

Pursuant to Gov. Code 20636.1(b), for classified school members, “payrate” means the normal monthly rate of pay for services rendered on a full-time basis, during normal working hours. Full-time employment is 40 hours per week, and payments for services rendered, not to exceed 40 hours per week, shall be reported as compensation earnable for all months of the year in which work is performed



## Full-Time Equivalent Payrate (2 of 3)

School employers have full-time employees that work less than 40 hours per week

A full-time payrate must be reported to CalPERS for classified school positions

A full-time payrate is 40 hours per week

Any classified school employee that works less than 40 hours must have a Full-Time Equivalent (FTE) payrate reported to CalPERS

# Full-Time Equivalent Payrate (3 of 3)

An incorrect FTE payrate can result in:

- Inaccurate service credit accrual
- Inaccurate retirement benefit calculations

# Compliance in Compensation Reporting Webpage (1 of 3)

The Audit Compliance & Resolution section is adding a new option to the Compliance In Compensation Reporting webpage

The new section will include information on FTE reporting and the correct calculation method

A new FTE calculator will be on the webpage for school employers to confirm their calculations

The expected release date is May 31, 2023

A Circular Letter will follow the webpage addition

# Compliance in Compensation Reporting Webpage (2 of 3)



INVESTMENTS | NEWSROOM | CONTACT | ABOUT

Compliance



Home | Active Members | Retirees | **Employers** | myCalPERS Log In

Actuarial Resources | Benefit Programs | Contracts | myCalPERS Technical Requirements | **Policies & Procedures**

Home > Employers > Policies & Procedures > Compliance in Compensation Reporting

## Compliance in Compensation Reporting

It's important for employers to report accurate member information in compliance with the [Public Employees' Retirement Law \(PERL\)](#) Government (Gov.) Code and California Code of Regulations (CCR). This ensures accurate retirement benefits for our members and their beneficiaries. Retirement benefits are calculated based on a member's years of service credit, age at retirement, and final compensation (average salary for a defined period of employment). Inaccurate reporting of compensation can cause inaccurate calculation of retirement benefits that may result in underpayment or overpayment for both members and employers.

### Policies & Procedures

- [Affordable Care Act \(ACA\) Guidance](#)
- [Circular Letters](#)
- [Compliance in Compensation Reporting](#)
- [Health Procedures](#)
- [Pension Reform Impacts](#)
- [Reference & Health Guides](#)

# Compliance in Compensation Reporting Webpage (3 of 3)

The CalPERS Audit Compliance & Resolution team assists employers to ensure compliant reporting. We provide direct service in reviewing labor policies, agreements, and pay schedules to determine if compensation can be reported for retirement benefits. Below are some helpful resources available to employers for various audit scenarios and resolutions, as well as references to applicable PERL, Gov. Codes, and CCRs:

- 
- [+ Reporting Compensation](#)

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  - [+ Pay Schedules](#)

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  - [+ Sample Language](#)

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  - [+ Resources for Compliance](#)

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# Compensation Reporting Questions

# Employment Certification Common Errors

Ryan Bieker

Employer Account Management Division

# Employment Certification Requests

Service credit purchases

Membership reviews

CalPERS review reports

- Manual entry
- XML
- CSV

Cannot change data after determination



# CSV Upload Method

## Report all pay periods

- Even periods where the member did not work
  - Place zero's in fields that are blank

## Use the correct data element

- Special compensation codes

## Correct payroll schedule is identified

- Double check begin/end dates

# Resources

The screenshot shows the myCalPERS website interface. At the top, there is a navigation bar with tabs for Home, Active Members, Retirees, and Employers. The Employers tab is selected. Below the navigation bar, there is a breadcrumb trail: Home > Employers > myCalPERS Technical Requirements > Technical Resources. The main heading is "Technical Resources". Below this, there is a paragraph of text: "Below are various resources to assist employers and direct authorization vendors (DAV) with questions regarding CalPERS reporting, policies & procedures, and training opportunities. The sections include pertinent information such as technical toolkits, File Transfer Protocol (FTP) resources, Data Element Definitions, Electronic Funds Transfer (EFT) payment processing, and more." Another paragraph follows: "Technical toolkits consist of documents and tools needed to develop XML files for reporting health, retirement enrollment, and payroll information to CalPERS. The contents are contained in a ZIP file, which can be extracted using PeaZip." Below this, there is a section titled "Employers" with a sub-section "Toolkit" containing a link to "CalPERS Review Reports". Under "CalPERS Review Reports", there are three bullet points: "Payroll Review XML Files - Data Element Definition (PDF)", "Payroll Review CSV Files - Data Element Definition (PDF)", and "CalPERS Review Report Template (CSV) - Template to use when submitting a CSV file to CalPERS."

- [myCalPERS Employment Certification Functionality Student Guide](#)
- [Employer\\_technical\\_support@calpers.ca.gov](mailto:Employer_technical_support@calpers.ca.gov)
- [Review Report Template](#)

# Automated Permanent Separation Updates

Automatic permanent separation – potential appointments

- 3 months

Automatic permanent separation – completed appointments

- 6 months

Member refunds

No letters

# Employment Certification Questions

# Contribution Rates for FY 2023-24

Paul Tschida  
Actuarial Office

# Overview

Actuarial valuation as of June 30, 2022 recently completed — determines contributions for **fiscal year 2023-24**

Required contributions adopted by CalPERS Board in April

Rates effective July 1, 2023:

- Employer rate increasing from 25.37% to **26.68%**
- Member rates not changing
  - PEPRA employee rate remains 8.00%
  - Classic employee rate remains 7.00% (set by statute)

# Experience

Key Schools Pool experience in year ending June 30, 2022:

- Investment return was approximately -7.5%
- Pay increases for actives averaged 8.0%
- Benefit increases for retirees and beneficiaries averaged 3.2%
- Total pool payroll increased by 10.2%

# Key Results

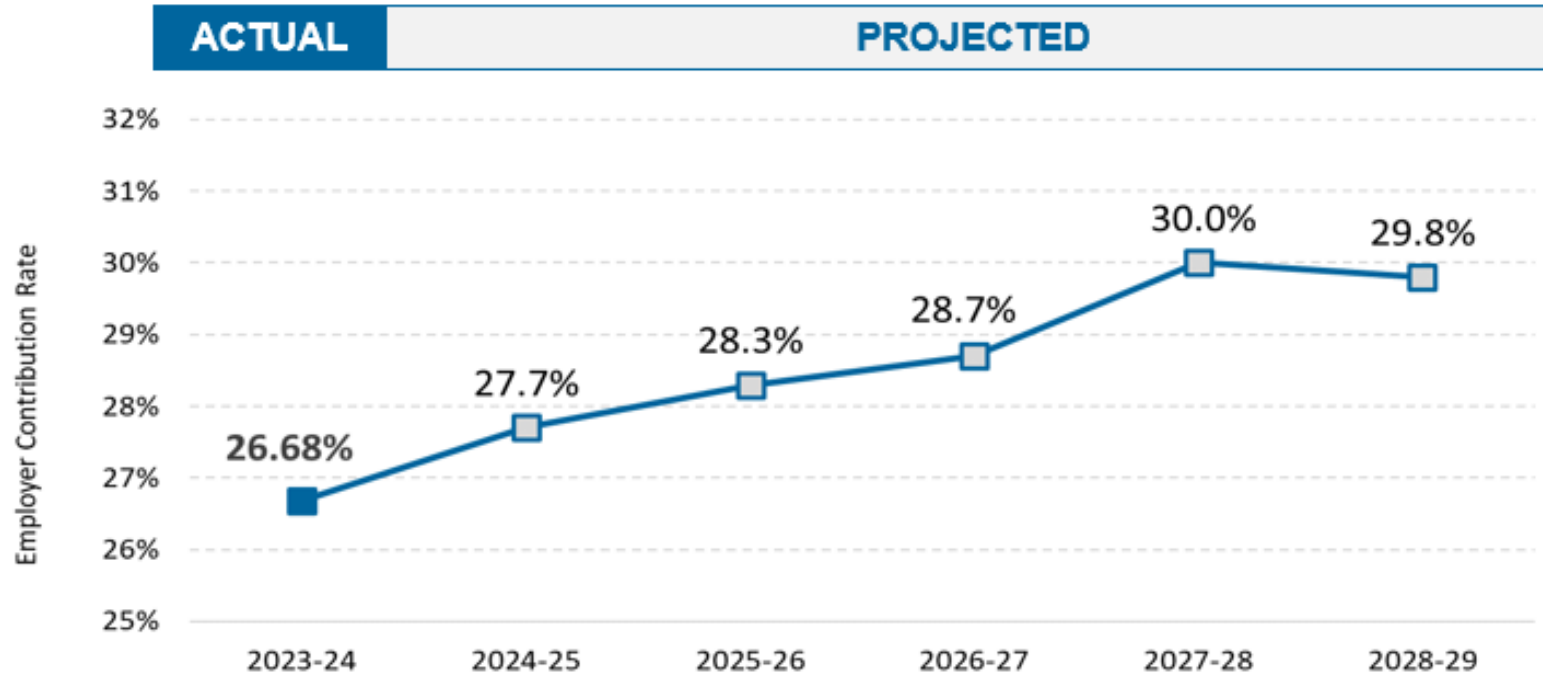
(in millions)

	June 30, 2021	June 30, 2022
Accrued Liability	\$ 110,507	\$ 116,982
Market Value of Assets	\$ 86,519	\$ 79,386
Unfunded Accrued Liability	\$ 23,988	\$ 37,596
Funded Ratio	78.3%	67.9%

	FY 2022-23	FY 2023-24
Employer Normal Cost	9.82%	9.77%
Unfunded Liability Rate	<u>15.55%</u>	<u>16.91%</u>
Required Employer Contribution Rate	25.37%	26.68%
PEPRA Member Contribution Rate	8.00%	8.00%



# Projected Employer Contribution Rate



Projected rates assume 6.8% investment return in FY 2022-23 and thereafter with no changes to benefits, assumptions, or methods during the projection period. Normal cost is expected to continue to gradually decline over time as new employees enter the PEPRA benefit tier. All other plan experience is assumed to match the actuarial assumptions.

# Contribution Rate Questions

# Educational Forum Update

Susan Forrer

Office of Stakeholder Relations

# CalPERS Educational Forum

It's your opportunity to

- Connect one-on-one with CalPERS experts
- Choose from a selection of educational sessions
- Hear from CalPERS leaders

Save the Date

The 24<sup>th</sup> Annual CalPERS Educational Forum will be held October 2-4, 2023, at JW Marriott L.A. Live in Los Angeles, CA.



For event questions or to be added to our email list:

email [calpers\\_educational\\_forum@calpers.ca.gov](mailto:calpers_educational_forum@calpers.ca.gov)

# Questions & Answers

Renee Ostrander and Christina Rollins  
Employer Account Management Division

Thank you for joining us!

CalPERS School Employer Advisory Committee