

School Employer Advisory Committee

November 10, 2021

Housekeeping (1 of 2)

Webinar is being recorded

Attendee mics are muted

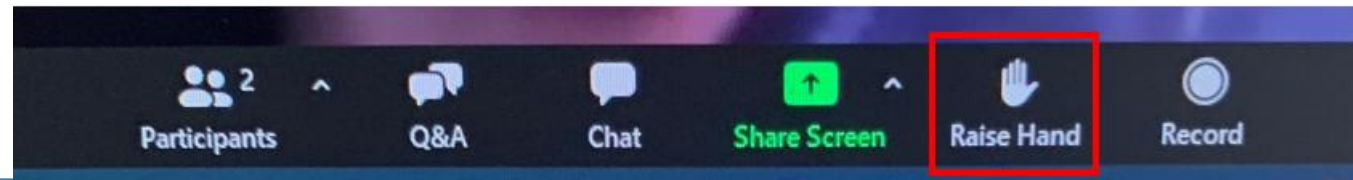
Meeting materials available on www.calpers.ca.gov

Email: 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 ask your question.
 - While unmuted, your profile picture and name will display to the host and panelists
 - Your name will only display to the other attendees
 - Select **Lower Hand** to lower, if needed. **Note:** This will not mute yourself if you're unmuted



Agenda

Legislation Update – Andrea Peters

Compensation and Payroll Issues – Brad Hanson & Tim Herrback

Membership and Arrears Update – Michelle Norris

myCalPERS System Enhancements – Ryan Bieker & Meghan Korte

Questions and Answers – Brad Hanson & Christina Rollins

Legislative Update

Andrea Peters

Legislative Affairs Division

CalPERS Compensation

Brad Hanson

Employer Account Management Division

Tim Herrback

Retirement Benefit Services Division

Payrate Issues

Schools

Payrate Issue (1 of 5)

Gov. Code 20636.1(b)(1)

Full-time employment for school employees is 40 hours per week regardless of schedule

- 37 hours
- 37.5 hours
- 38 hours

Convert payrate as 40 hours

Payrate Issue (2 of 5)

Gov. Code 20962

Defines full-time service credit

- 10 months of service
- 215 days of service
- 1720 hours of service

Earnings/payrate = service credit

Payrate Issue (3 of 5)

Example

Full-time employee: 260 Days (7.5 hours per day)

Annual earnings: \$94,271.46

Daily payrate:

$\$94,271.46 / 260 \text{ days} = \362.58 per day

Hourly payrate:

$\$362.58 / 7.5 \text{ hours} = \48.34 per hour

School employer reports a monthly payrate

Payrate Issue (4 of 5)

Example - Incorrect

Monthly payrate:

$\$94,271.46 / 12 = \$7,855.96$ monthly payrate

$\$7,855.96(E) / \$7,855.96 = 1.0 / 10 = .1$ (month)

$1 \text{ month} \times 12 = 1.2$ (capped at 1 year)

Retirement calculation:

$2\% \times 20 \text{ yrs.} = 40\%$ of final compensation

40% of $\$7,855.96 = \3142.38

Payrate Issue (5 of 5)

Example - Correct

Monthly payrate:

$$\$48.34 \times 2080 \text{ hours} = \$100,547 / 12 = \$8379.69$$

$$\$7,855.96(E) / \$8,379.69 = .938 / 10 = .0938 \text{ months}$$

$$.938 \times 12 = 1.125 \text{ years (capped at 1 year)}$$

Retirement calculation:

$$2\% \times 20 \text{ yrs.} = 40\% \text{ of final compensation}$$

$$40\% \text{ of } \$8,379.69 = \$3,351.88$$

Reporting Issues

Schools

Reporting Issue (1 of 2)

Lump Sum

Lump-sum reporting of special compensation creates retirement calculation issues

- Off-salary schedule pay
- Longevity pay
- Uniform allowance
- Education incentive

Reporting Issue (2 of 2)

Gov. Codes 20636.1 and 20630

Report special compensation as it is earned

Employers can pay annually but must report in the months it was truly earned

May require retroactive special compensation adjustments (RSC transactions)

Lump Sum (1 of 5)

Example

Every December, School X reports a \$1,200 lump sum longevity payment for Johnny Member

Johnny Member retires 7/1/2022 at 55 years old (2% at 55) with a \$5,000 monthly payrate

School X reports a prorated \$600 lump sum amount based on 6 months of work in June 2022

Lump Sum (2 of 5)

Example

Begin Date	End Date	Transaction Type	Monthly Payrate	Reportable Earnings	Special Comp.
12/1/21	12/31/21	Earned Period Reporting	\$5,000	\$5,000	\$1,200
1/1/22	1/31/22	Earned Period Reporting	\$5,000	\$5,000	0
2/1/22*	2/28/22	Earned Period Reporting	\$5,000	\$5,000	0
6/1/22*	6/30/22	Earned Period Reporting	\$5,000	\$5,000	\$600

Lump Sum (3 of 5)

Example

myCalPERS searches for the highest 12 months of final compensation

7/01/2021 – 6/30/2022 is used for the final compensation period

Lump Sum (4 of 5)

Example

Two lump-sum payments were reported during this time frame
myCalPERS will use 18 months of longevity pay to calculate
Johnny's final compensation

He will receive \$1,800 longevity pay, instead of \$1,200

Lump Sum (5 of 5)

Example

How Johnny's retirement calculation will be affected:

Pay rate \$5,000

+ longevity \$150

\$5,150 final comp

2% x 25 yrs. = 50%

50% x \$5,150 = \$2,575 monthly allowance

Example As Earned (1 of 2)

Begin Date	End Date	Transaction Type	Monthly Payrate	Reportable Earnings	Special Comp.
12/1/21	12/31/21	Earned Period Reporting	\$5,000	\$5,000	\$100
1/1/22	1/31/22	Earned Period Reporting	\$5,000	\$5,000	\$100
2/1/22*	2/28/22	Earned Period Reporting	\$5,000	\$5,000	\$100
6/1/22*	6/30/22	Earned Period Reporting	\$5,000	\$5,000	\$100

Example As Earned (2 of 2)

If School X reported his longevity at \$100 earned per month:

Pay rate \$5,000

+ longevity \$100

\$5,100 Final Comp

2% x 25 yrs. = 50%

50% x \$5,100 = \$2,550 monthly allowance

Comparison

Lump Sum vs. As Earned

Reported	Final Comp	Allowance
Lump Sum	\$5,150	\$2,575
As Earned	\$5,100	\$2,550
Difference		
	\$150	\$25
3yr Overpayment		
\$25 x 36 payments = \$900		

Lump-Sum Reporting Issue

Reporting lump sum creates:

- Delays in retirement payments
- Audit observations
- Costly overpayments
- Lawsuits

Payroll Business Rule

New business rule created to proactively identify compensation risks and assist employers with proper reporting

Error code CRB000357 will appear when the system identifies reported lump sum special compensation

Note: Currently this rule is set as an exception

Timely Retirement Payments

Schools

Timely Retirement Payments (1 of 5)

Common Delay Reasons

Most common reasons retirement benefit payments are delayed:

- Fluctuating pay rate types
- Different pay rate types for summer session
- Reporting of multiple part-time positions
- Fluctuations in special compensation reporting
- One-time payment of special compensation

Timely Retirement Payments (2 of 5)

Fluctuating Pay Rates Impact Final Average Compensation

Credited Service	02/01/2021	02/28/2021	0.050000	Posted	Monthly	\$4,052.00	\$2,026.00	\$106.50	\$0.00	\$149.28	:
Credited Service	01/01/2021	01/31/2021	0.050000	Posted	Monthly	\$4,052.00	\$2,026.00	\$106.50	\$0.00	\$149.28	:
Credited Service	12/01/2020	12/31/2020	0.050000	Posted	Monthly	\$4,052.00	\$2,026.00	\$106.50	\$0.00	\$149.28	:
Credited Service	11/01/2020	11/30/2020	0.050000	Posted	Monthly	\$4,052.00	\$2,026.00	\$106.50	\$0.00	\$149.28	:
Credited Service	10/01/2020	10/31/2020	0.050000	Posted	Monthly	\$4,052.00	\$2,026.00	\$106.50	\$0.00	\$149.28	:
Credited Service	09/01/2020	09/30/2020	0.005814	Posted	Hourly	\$23.38	\$233.80	\$0.00	\$0.00	\$16.37	:
Credited Service	09/01/2020	09/30/2020	0.050000	Posted	Monthly	\$4,052.00	\$2,026.00	\$106.50	\$0.00	\$149.28	:
Credited Service	08/01/2020	08/31/2020	0.006977	Posted	Hourly	\$23.38	\$280.56	\$0.00	\$0.00	\$19.64	:
Credited Service	08/01/2020	08/31/2020	0.050000	Posted	Monthly	\$4,052.00	\$2,026.00	\$106.50	\$0.00	\$149.28	:
Credited Service	07/01/2020	07/31/2020	0.050000	Posted	Monthly	\$4,052.00	\$2,026.00	\$106.50	\$0.00	\$149.28	:
Credited Service	06/01/2020	06/30/2020	0.050000	Posted	Monthly	\$3,934.00	\$1,967.00	\$103.50	\$0.00	\$144.94	:
Credited Service	05/01/2020	05/31/2020	0.050000	Posted	Monthly	\$3,934.00	\$1,967.00	\$103.50	\$0.00	\$144.94	:

Timely Retirement Payments (3 of 5)

Fluctuating Pay Rates Impact Final Average Compensation

Final Compensation Details

[View Calculation Details](#)
[View Transaction Record](#)
[View Monthly Equivalent Detail](#)

The Final Compensation Details may not match the Final Compensation Panel, if the Final Compensation has been overridden.

Start Date	End Date	Months	Monthly Equivalent Pay Rate	Special Comp.	Includes Comp Review Determination	Includes Projection	1 Yr Final Comp.	3 Yr Final Comp.	Final Comp. Type
10/01/2020	06/30/2021	9	\$4,052.00	\$106.50	N	N	Y	N	Regular
08/01/2020	09/30/2020	2	\$4,052.07	\$106.50	N	N	Y	N	Regular
07/01/2020	07/31/2020	1	\$4,052.00	\$106.50	N	N	Y	N	Regular
03/01/2020	06/30/2020	4	\$3,934.00	\$103.50	N	N	N	N	Regular

Timely Retirement Payments (4 of 5)

Reporting Multiple Part-time Positions

Credited Service	04/01/2020	04/30/2020	0.050000	Posted	Monthly	\$6,516.00	\$3,258.00	\$0.00	\$0.00	\$219.60
Credited Service	03/01/2020	03/31/2020	0.050000	Posted	Monthly	\$6,516.00	\$3,258.00	\$0.00	\$0.00	\$219.60
Credited Service	01/31/2020	02/29/2020	0.050000	Posted	Monthly	\$6,516.00	\$3,258.00	\$0.00	\$0.00	\$219.60
Credited Service	01/01/2020	01/30/2020	0.100000	Posted	Monthly	\$375.93	\$375.93	\$0.00	\$0.00	\$30.07
Credited Service	01/01/2020	01/30/2020	0.050000	Posted	Monthly	\$6,516.00	\$3,258.00	\$0.00	\$0.00	\$219.60
Credited Service	12/01/2019	12/31/2019	0.050000	Posted	Monthly	\$6,516.00	\$3,258.00	\$0.00	\$0.00	\$219.60
Credited Service	10/31/2019	11/30/2019	0.100000	Posted	Monthly	\$138.83	\$138.83	\$0.00	\$0.00	\$11.11

Timely Retirement Payments (5 of 5)

Reporting Multiple Part-time Positions

Final Compensation Details									
								View Calculation Details View Transaction Record View Monthly Equivalent Detail	
The Final Compensation Details may not match the Final Compensation Panel, if the Final Compensation has been overridden.									
Start Date	End Date	Months	Monthly Equivalent Pay Rate	Special Comp.	Includes Comp Review Determination	Includes Projection	1 Yr Final Comp.	3 Yr Final Comp.	Final Comp. Type
02/01/2020	07/31/2021	18	\$6,516.00	\$0.00	N	N	N	N	Regular
01/01/2020	01/31/2020	1	\$375.93	\$0.00	N	N	N	N	Regular
12/01/2019	12/31/2019	1	\$6,516.00	\$0.00	N	N	N	N	Regular
11/01/2019	11/30/2019	1	\$138.83	\$0.00	N	N	N	N	Regular
10/01/2019	10/31/2019	1	\$6,516.00	\$0.00	N	N	N	N	Regular

Legislation

Schools

Legislation Senate Bill (SB)278

Addresses disallowed compensation for benefit adjustments

Establishes procedures for determinations made on or after 1/1/2017 with disallowed compensation

Redirects responsibility on employers to make members 'whole' by covering the overpayment and a portion of the annuity due to reduction in benefits

Submission of labor policies and/or agreements to CalPERS for guidance and review within 90 days

SB278 (1 of 5)

Disallowed Compensation

Items considered disallowed compensation:

- Non-compliant special compensation items included in the labor agreement or MOU
- Member was placed on roll with non-compliant special compensation
- Discovered after member was placed on roll

SB278 (2 of 5)

Disallowed Compensation

Items **not** considered disallowed compensation:

- Payroll corrections related to errors
- Lump-sum reporting
- Compensation item was reportable but cannot be used in the final compensation calculation
 - Special compensation reported solely in final compensation period

SB278 (3 of 5)

Example

Member's Allowance \$5,500 per month:

- Includes \$500 disallowed compensation
- Has been receiving disallowed compensation for 3 years

SB278 (4 of 5)

Example Employer Penalty

Past Retirement Payments

\$500* x 36 payments = \$18,000 overpayment

Paid to CalPERS on behalf of the member by the employer

**Includes member's cost of living adjustments*

SB278 (5 of 5)

Example Employer Penalty

Downward adjustment to retirement allowance

$$\$500 \times 20\% = \$100$$

Paid to the member in a lump sum by the employer

$$\$100 \times \text{Actuarial Factor (AF)} = \$100 \text{ (AF)}$$

- Actuarial Factor based on lifetime expectancy
- Paid in a lump sum

Paid to CalPERS 10% of \$100 (AF)

MOU Review

New Web Page



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[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](#)

Resources

Website – www.calpers.ca.gov

- [PERL](#)
- [Public Agency & Schools Reference Guide](#)
- [Circular Letters](#)

MOU_Review@calpers.ca.gov

EAMD_CCRU_Outreach@calpers.ca.gov

Employer Contact Center **(888) 225-7377**

Questions?

Membership and Arrears Update

Michelle Norris

Employer Account Management Division

Recent Implemented Updates (1 of 2)

New service credit purchase notifications:

- Status of request
- Notice of requested Service Prior to Membership (SPM) request

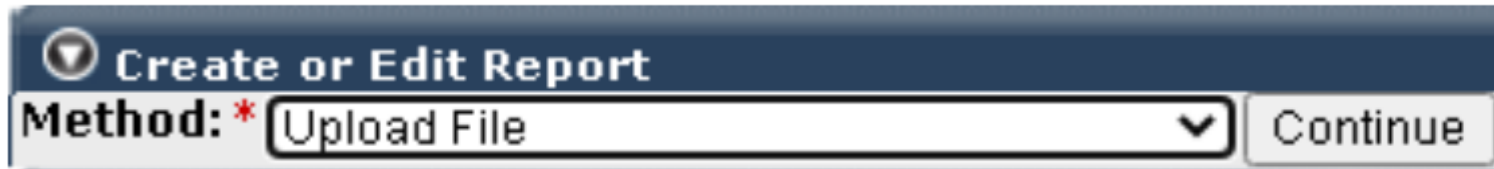
Recent Implemented Updates (2 of 2)

Employment certification upload functionality

- Third option to enter payroll for SPM requests and arrears certifications
 - Ability to upload multiple payroll records at once
 - Submit service period details for entire service period
 - Allows business partners to submit by CSV file

Upload File

Within the Create or Edit Report section, select **Upload File** from the Method drop-down list.



The screenshot shows a web interface for 'Create or Edit Report'. It features a dark blue header with a downward arrow icon and the text 'Create or Edit Report'. Below the header, there is a form with a label 'Method: *' followed by a dropdown menu. The dropdown menu is currently set to 'Upload File' and has a downward arrow icon on its right side. To the right of the dropdown menu is a 'Continue' button.

Future Enhancements (1 of 2)

Check view preprocessing area

- Located on the bottom right-hand side of the page
 - Navigate to the Payroll Reporting hyperlink
 - Error Yes/No
 - Status
- Errored out or suspended statuses must be corrected
 - Refer to the Student Guide [myCalPERS Employment Certification Functionality \(PDF, 1.79 MB\)](#) for specific instructions

Future Enhancements (2 of 2)

Certification facilitation completion

- New required fields in the Service Credit Purchase Certification
 - Member's email address
 - Member's contact number
- Required payroll details fields
 - Time base
 - CBU/class code
 - Reportable earnings
 - Pay rate

Certification Reminders (1 of 2)

Access roles

- Complete a SCP certification or review for arrears
- Correct role(s) must be assigned
 - Business Partner Arrears role, along with any of the following:
 - Business Partner Payroll
 - Business Partner Payroll RO
 - Business Partner Retirement Enrollment
 - Business Partner Retirement Enrollment RO

Certification Reminders (2 of 2)

Required fields

- Dates of employment
- Position title
- Time base
- Tenure
- Months worked per year
- Option to upload supporting hiring documentation
- Service period details

Resources

CalPERS Customer Contact Center

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

[Circular Letter 200-042-20](#)

[Circular letter 200-058-21](#)

[Membership Reporting@calpers.ca.gov](#)

[myCalPERS Employment Certification Functionality Student Guide](#)

[myCalPERS System Access Administration](#)

[myCalPERS System Privileges for Business Partner Roles](#)

Questions?

myCalPERS Enhancements

Ryan Bieker and Meghan Korte
Employer Account Management Division

Recent myCalPERS Enhancements

Contributory notification letter

Employer certification mass upload

Reminders

Other myCalPERS reminders

- Undeliverable Address Cognos Report
- Primary Contact for Arrears Administrator, Financials, General, Human Resources, Payroll, Social Security Administrator
- Retirement Appointment Reconciliation Compliance



Questions and Answers

Brad Hanson and Christina Rollins

Thank you for joining us!