

PROPOSED REGULATION TEXT

Proposed Adoption of Section 592.1 of Article 1.5 of Subchapter 2 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations

Article 1.5. Administration

§592.1. Social Security Administrative Fees

(a) This regulation establishes the fees that the CalPERS Board of Administration shall collect and deposit into the Old Age and Survivors' Insurance Revolving Fund (OASIFund) to cover the costs of administering the State of California's designated State Social Security Administrator program established pursuant to Section 218 of Title II of the Social Security Act, Code of Federal Regulations Section 404.1204, and Government Code Section 22200.

(b) For purposes of this section, "public agency" shall have the meaning set forth in Government Code Sections 22009, 22009.01, 22009.02, 22009.03, 22550, and 22550.5.

(c) The CalPERS Board of Administration shall require each public agency that has requested or that will request that any of its employees be covered under the agreement entered into between the state and the Social Security Administration pursuant to Section 218 of Title II of the Social Security Act ("Section 218 Agreement") to pay:

- (1) A \$650 fee to establish initial coverage under the Section 218 Agreement;
- (2) A \$650 fee to modify coverage under the Section 218 Agreement; and

(3) Effective July 1, 2019, an annual fee as shown in the table below determined by the total number of persons employed at the public agency, including each state department, University of California campus, University of California Office of the President and Universitywide Programs, California State University campus, and California State University Chancellor's Office, as listed in the California Department of Finance Salaries and Wages Supplement report, and any other public agency:

Number of Employees	Fee
1-4.....	\$200
5-9.....	\$250
10-19.....	\$300

20-49.....	\$400
50-99.....	\$500
100-249.....	\$1,000
250-499.....	\$1,500
500-999.....	\$2,000
1,000 and over.....	\$2,500

(A) The total number of persons employed per state department, University of California campus, University of California Office of the President and Universitywide Programs, California State University campus, and California State University Chancellor's Office shall be determined annually for the following fiscal year by the California Department of Finance Salaries and Wages Supplement report.

(B) For each County Office of Education, school district, and any other public agency not listed in subsection (A), the total number of persons employed per public agency shall be determined annually for the following fiscal year by the following data sources in the following order of priority. If a data source does not contain complete information, the next data source shall be used:

- (i) Employee count provided by the public agency annually upon request by CalPERS.
- (ii) CalPERS' payroll records.
- (iii) The California Department of Education.
- (iv) The California State Controller's Office.
- (v) The Comprehensive Annual Financial Report on the public agency's website.

~~(d) The fees identified in subsection (c) shall be reviewed annually for purposes of determining whether the fees are subject to adjustment. For purposes of such review, the fees shall be recalculated based on an adjustment factor, calculated by dividing the Consumer Price Index for All Urban Consumers: U.S. City Average, for the month of September in the calendar year immediately preceding the recalculation by the Consumer Price Index for All Urban Consumers: U.S. City Average, for the month of September two calendar years preceding the recalculation. The recalculated fees shall be used as a basis to determine whether the fees are subject to adjustment for the following year. The recalculations of the fees shall occur annually beginning on July 1, 2020.~~

~~(1) Once the recalculated fee in subsections (c)(1) and (c)(2) exceeds the fee by \$100 or more, the fee in subsections (c)(1) and (c)(2) shall be increased by the amount of such excess, rounded down to the next lower multiple of \$100.~~

~~(2) Once the recalculated annual fee in subsection (c)(3) for the middle tier (Number of Employees 50-99) exceeds the annual fee for that tier by \$100 or more, the annual fees in subsection (c)(3) shall all be increased by the amount of such excess, rounded down to the next lower multiple of \$100.~~

(d) Beginning in fiscal year 2020-21, CalPERS shall review the OASI Fund annually to ensure the fund balance is no less than 50 percent and no more than 100 percent of the budgeted SSSA program expenditures as authorized in the State Budget Act for the prior fiscal year. If the OASI Fund balance is less than 50 percent or greater than 100 percent of budgeted program expenditures, the CalPERS Board of Administration shall adjust the annual fees in subsection (c)(3) to target an OASI Fund balance of 50 percent of one year's SSSA program expenditures. If applicable, the CalPERS Board of Administration shall adjust the annual fees in subsection (c)(3) using the following methodology:

(1) Set the target OASI Fund balance by multiplying the current year SSSA Budget Act Appropriation by 50 percent.

(2) Estimate the revenue required to target a 50 percent OASI Fund balance:

(A) Add the product of the calculation in subsection (d)(1) to the current year SSSA Budget Act Appropriation.

(B) Subtract the current OASI Fund balance from the product calculated in subsection (d)(2)(A).

(3) If the estimated fee revenue calculated in subsection (d)(2) is greater than the anticipated revenue from the fees in subsection (c)(3), the CalPERS Board of Administration will increase the fees in subsection (c)(3) by the percentage difference of the estimated revenue of the fees in subsections (c)(3) and (d)(2), rounded up to the next higher multiple of \$10.

(4) If the estimated fee revenue calculated in subsection (d)(2) is less than the anticipated revenue from the fees in subsection (c)(3), the CalPERS Board of Administration will decrease the fees in subsection (c)(3) by the percentage difference of the estimated revenue of the fees in subsections (c)(3) and (d)(2), rounded to the next higher multiple of \$10.

Authority cited: Section 22500, Government Code. Reference: Sections 22551, 22552, and 22560, Government Code.