

Bulletin

Topic: 2024-2025 Certificated Work Days Calendar (CDAYS)

Date: April 24, 2024

To: Chief Business Officials
Business Managers
Human Resources Administrators
Human Resources/Payroll Clerks

From: Brent Watson, Executive Director
District Financial Services



Part of maintaining the PeopleSoft, HCM system involves the annual creation of new CDAYS (Certificated Work Days Calendar) each school year. This information is used to determine salary payments, calculation of salary adjustments, to track full-time equivalent (FTE) earnings for monthly, daily and part-time employees, and to determine CalSTRS Defined Benefit (DB) membership, service credit and overtime.

Effective July 1, 2002, AB 2700 requires districts to report annual FTE pay rates to CalSTRS for each position the employee is paid against. In addition to monthly, daily and hourly positions this process includes overtime, summer school and some time worked lump sum stipends which are paid as an additional pay. **Therefore, it is extremely important that accurate CDAYS be created and employee positions are attached to the correct track.** Since July 1997, this office has had a policy that any employee retirement system service credits and/or pay rate discrepancies which require corrections will be the responsibility of the district. These discrepancies may be due to: incorrect CDAYS, incorrect track designation for the position, or manipulation of salary adjustments that are not processed as indicated on Salary Computation Worksheet. This responsibility will normally require the district to provide correction data to this office that in turn will input retirement reporting corrections.

All Districts

Please review the enclosed CalSTRS JOB AID on Minimum Standards For Full-Time Service and incorporate any necessary FTE work year changes when you prepare your 2024-2025 calendar.

2024-2025 Certificated Work Days Calendar (CDAYS)

April 24, 2024

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Also enclosed for your reference are the following:

- CalSTRS Employer Directive 2017-05 (October 1, 2017, Amendments to the Creditable Compensation Regulations) dated October 12, 2017.
- CalSTRS Employer Directive 2016-04 (Reorganization and Clarification of Definition of "Creditable Service," Education Code Sections 22119.5 and 26113.) dated February 25, 2016.
- CalSTRS Employer Directive 2015-03 (Creditable Compensation Changes for CalSTRS 2% at 60 Members, Effective January 1, 2015) dated April 17, 2015.
- CalSTRS Employer Information Circular Volume 30; Issue 5 (Creditable Compensation Regulations Effective January 1, 2015) dated December 10, 2014.
- CalSTRS Employer Directive 2012-7 (California Public Employees' Pension Reform Act of 2013) dated December 27, 2012.

District Action

Each district is requested to review their 2023-2024 CDAYS calendar and adjust tracks and days worked for each month of each track to reflect the 2024-2025 work assignments. **Your 2023-2024 CDAYS query spreadsheet will be sent to your certificated payroll/human resources department under separate cover.** Changes should be made on the spreadsheet provided. This spreadsheet is formatted for a new Excel to CI process so please do not make changes to column order. If you are adding a track, please notate it as an add on the first blank column. Reminder, on the payroll system, a track that has a position tied to it may not be deleted.

Uniform Days For Similar Job Classifications

A category of employees who have similar duties, but not necessarily similar subject matter, or are employed in the same type of program, should have the same required work year hours and days for full time service. Examples of different categories:

Classroom Teachers, Vice-Principals, Principals, Counselors,
Psychologists

Superintendents and Administrators - Contract days **include** vacation days with an FTE of approximately 247 days per year. Holidays are not included.

Exceptions have been cleared with CalSTRS **ONLY FOR** job classifications of: Vice-Principal and Principal in year round school, elementary, middle and high school programs.

If you have other situations you feel warrant a special work year track, please submit your request in writing to this office prior to **Friday, May 31, 2024.**

Hourly Instructors and Adult Education - Effective January 1, 1999

K-12 Hourly Instructors - Including Adult Education

The minimum FTE is 6 hours per day for 175 days or 1,050 hours. For most districts this will be 184 days based on a regular full-time teaching assignment (6 X 184 = 1,104 hours).

Service Credit Effective July 2002

Previously the payroll system required you to post time against a position that had the appropriate work days in the month for the track the position was attached to, otherwise the system would not take CalSTRS or not on the full amount of time paid. With the implementation of AB 2700, time worked for July 2002 and forward, the payroll system now considers all CalSTRS Defined Benefit (DB) members' creditable compensation subject to current employee and employer contributions. Contributions for CalSTRS DB service credit over one year will be moved to the CalSTRS Defined Benefit Supplement (DBS) account before the annual statements are issued each fall.

Certificated Employees Who Elected CalPERS

Certificated employees who elected CalPERS for certificated work no longer require a separate "PERS" track in PeopleSoft, HCM system.

Year Round School

Ed.Code. Section 23002.5 requires that all the Year Round School service credit "shall be" reported as part of the school year in which service began.

DUE DATE

CDAYS changes are due annually to our office, this year by **Friday, May 31, 2024** for your first July 2024 off cycle payroll run. Please email the 2024-2025 updated spreadsheet to retiremt@sdcoe.net. Please ensure the spreadsheet includes Dist. Rep. Name, Email, Phone #, and Date. Please address any questions to Beth Valderrama at (858) 295-6913 / elizabeth.valderrama@sdcoe.net or Laura Benavides at (858) 295-6932 / laura.benavides@sdcoe.net.

BW:EV

Enclosures

Enter submitted by name:																						
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Busi ness Unit	Track 2024- 2025 (A-Z)	Effective Date (07/01/2024)	School Year (2024)	Teacher Hours	Start Date	Stop Date	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Description	Year Round School (Y/N)	Total Days (formula)	"X" if there is a change in 'Teacher Hours' (E) or 'Total Days' (V) from previous Fiscal Year
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Employer Information Circular



Volume: 19 Issue: 2
Date: January 27, 2003

Membership Division • P.O. Box 15275 • Sacramento, CA 95851-0275

Full-Time Equivalent Agreement Required for Part-time Community College Instructors

Full-time equivalent (FTE) is defined as the number of days or hours of creditable service a person employed on a part-time basis would be required to perform in a school year if employed full-time in that part-time position. Existing law defines the minimum standard for full-time that is applicable to part-time faculty of community colleges, except adult education instructors, as 525 instructional hours per school year, increased appropriately by the number of office hours required annually. **Employers are responsible for establishing the full-time standard and the FTE among their part-time faculty.** However, not all part-time community college instructors have consistently had the appropriate FTE defined for them. Accordingly, the annual pay rate reported for them has led to incorrect service credit calculations. To resolve this issue and to ensure that all part-time faculty of community colleges receive the appropriate service credit, the Education Code has been amended.

Effective January 1, 2003 and pursuant to Chapter 375, Statutes of 2002 (Assembly Bill 2982), employers are required to define the FTE and state that FTE within the part-time employee's bargaining or employment agreement. The bargaining or employment agreement must make specific reference to Education Code Section 22138.5 (c)(5) and specify the number of hours of creditable service including office hours that equal full-time.

In summary, the changes to existing Education Code Section 22138.5 include:

- Each collective bargaining or employment agreement entered into on or after January 1, 2003, that applies to a member subject to the minimum standard specified in paragraph (5) of subdivision (c) of Section 22138.5, for part-time community college instructors shall specify the number of hours of creditable service that equal full-time for the part-time position.
- That agreement shall make specific reference to Section 22138.5 (c)(5).

Please contact your CalSTRS Pension Program Representative with any questions.

Reporting to the Defined Benefit Program for Part-Time Community College Faculty and Adult Education Instructors

The purpose of this circular is to remind and provide guidance for community college employers regarding how to report earnings and contributions for part-time faculty and adult education instructors.

The California State Teachers' Retirement System (CalSTRS) requires employers to report the annual compensation earnable and the compensation earned in order to calculate service credit. An employment agreement may specify how the compensation is earned and paid, such as hourly, daily, or equal monthly payments, but the earnings must be reported to CalSTRS with an annual pay rate. Contribution data must be reported within 30 calendar days from when it was earned. The Education Code, specifically sections 23002 and 23005, provides for reporting that is accurate, timely, and results in a service credit calculation based upon compensation earned.

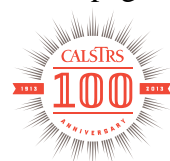
In addition, part-time (non-contract) community college faculty *must* be reported using assignment code 58. However, substitute instructors in community colleges should be reported with assignment code 54. For more information on community college reporting, see Employer Directive 2009-03, Community College Reporting Assignment Codes distributed in April 2009.

The following are examples of monthly reporting lines for community college part-time faculty and adult education instructors who are compensated hourly, daily, or in equal monthly payments using the minimum standard as set forth by subsection (c) of Education Code 22138.5.

Keep in mind that each district may adopt a Full-Time Equivalent (FTE) hourly standard above the minimum hourly standards (525 instructional hours for community college part-time faculty and 875 for community college adult education instructors) set out in the Education Code. If your district has adopted a FTE hourly standard, also known as base hours, that is higher than the minimum hourly standard, you must use your FTE hours to calculate the annual pay rate reported.

Additionally, FTE is not reported based on teaching load or teaching units. It is the employer's responsibility to report FTE using the hours for each position which may require you to convert load or units to hours. Remember, the full time annual pay rate, or compensation earnable, is used in determining the member's annual service credit. Due to variable factors between community college districts, CalSTRS cannot calculate the FTE for employers.

(Continued on next page . . .)



Hourly Contract

The formula to determine the annual pay rate for an hourly employee is:

FTE hours x hourly pay rate = annual pay rate

Rafael taught 25 hours in December. A full-time faculty member would teach 16 hours per week for 35 weeks. Therefore, the FTE for part time in his community college is 560 instructional hours. His employment agreement states that he is paid \$45.00 per hour:

Full-time equivalent = 16 hours per week x 35 weeks = 560 hours

Annual pay rate = 560 FTE hours x \$45.00 = \$25,200.00

Earnings = 25 hours x \$45.00 = \$1,125.00

Mbr Code	Assignment Code	Pay		Earnings	Contribution			Service Period		Service Credit
		Rate	Code		Rate	Code	Amount	Begin	End	
1	58	25200.00	0	1125.00	.0800	1	90.00	1201	1231	0.0446

Daily Contract

The formula to determine the annual pay rate for a daily contract employee is:

(daily pay rate ÷ number of hours per school day) x FTE hours = annual pay rate

Bill is a community college adult education instructor who taught 10 days in March. In his district, the standard for a full day is 6.5 hours, and the FTE hours for community college adult education instructors is 875 instructional hours. His employment agreement states that he is paid \$300.00 per day:

Annual pay rate = (\$300.00 ÷ 6.5 hours) x 875 FTE hours = \$40,384.62

Earnings = \$300.00 x 10 days = \$3,000.00

Mbr Code	Assignment Code	Pay		Earnings	Contribution			Service Period		Service Credit
		Rate	Code		Rate	Code	Amount	Begin	End	
1	58	40384.62	0	3000.00	.0800	1	240.00	0301	0331	0.0743

Monthly Contract

Example 1:

The formula to determine the annual pay rate for a monthly employee is:

FTE hours x hourly pay rate = annual pay rate

Kathy taught one class (84 hours) for the school year. The FTE hours for part-time in her community college is the minimum hourly standard of 525 instructional hours. Her employment agreement states that she is paid \$60.00 per hour in twelve equal monthly payments:

Annual pay rate = 525 hours x \$60.00 = \$31,500.00

Earnings = \$60.00 x 84 hours = \$5,040.00

Monthly Earnings = \$5,040.00 ÷ 12 monthly payments = \$420.00

Mbr Code	Assignment Code	Pay		Earnings	Contribution			Service Period		Service Credit
		Rate	Code		Rate	Code	Amount	Begin	End	
1	58	31500.00	0	420.00	.0800	1	33.60	0901	0930	0.0133
1	58	31500.00	0	420.00	.0800	1	33.60	1001	1031	0.0133
1	58	31500.00	0	420.00	.0800	1	33.60	1101	1130	0.0133

Example 2:

Stan taught one class (12 days) during the Spring semester. In his community college, the standard for a full day is 6 hours, and the FTE hours for part-time in his community college is the minimum hourly standard of 525 instructional hours. His employment agreement states that he is paid \$325 per day in six equal monthly payments:

Annual pay rate = (\$325.00 ÷ 6 hours) x 525 hours = \$28,437.50

Earnings = 325.00 x 12 days = \$3,900.00

Monthly Earnings = \$3,900.00 ÷ 6 payments = \$650.00

Mbr Code	Assignment Code	Pay		Earnings	Contribution			Service Period		Service Credit
		Rate	Code		Rate	Code	Amount	Begin	End	
1	58	28437.50	0	650.00	.0800	1	52.00	0101	0131	0.0228
1	58	28437.50	0	650.00	.0800	1	52.00	0201	0228	0.0228
1	58	28437.50	0	650.00	.0800	1	52.00	0301	0331	0.0228

As of July 1, 2009, classification codes and FTE hours, also known as base hours, are to be reported to CalSTRS for part-time community college and adult education instructors along with the standard reporting. Subdivision (a) of Education Code section 22138.5 states in part that each collective bargaining agreement or employment agreement that applies to a member subject to the minimum standard shall specify the number of hours of creditable service that equal “full time”. As of July 1, 2013, employers must submit copies of the agreement to CalSTRS. For more information see Employer Information Circular Volume 25; Issue 8 dated May 6, 2009 and Employer Directive 13-02.

Additionally, we want to remind employers of subdivision (e) of section 22115 of the California Education Code, which was enacted by Assembly Bill (AB) 1586 (Chapter 442, Statutes of 2004) and amended by Senate Bill (SB) 1465 (Chapter 654, Statutes of 2006). The SB 1465 amendments authorized the California State Teachers’ Retirement System (CalSTRS) to establish and implement certain factors and assumptions to determine the compensation earnable for a member employed by a community college prior to July 1, 1996. Implementation of this provision requires CalSTRS to *annually* collect the number of base hours applied to part-time community college and adult education instructors by class of employee. For more information on AB 1586 and SB 1465’s effects on Education Code Section 22115, please refer to Employer Directive 2008-05.

If you have any questions regarding this circular, please contact your CalSTRS Member Account Services Representative.

California State Teachers' Retirement System
Job Aid
MINIMUM STANDARDS FOR FULL-TIME SERVICE

Following are the minimum standards for full-time service and compensation as provided in Education Code Section 22138.5, effective July 1, 1996.

Program	Class of Employees	Minimum Standard
Kindergarten thru Grade 12	Teachers and all others who work directly with pupils, such as counselors, librarians, psychologists and nurses.	175 days or 1,050 hours per year
	Program managers* and principals at a school site, district office, or county office of education.	190 days or 1,520 hours per year
	Other administrators at a school site or district office.	190 days or 1,520 hours per year
	Administrators at a county office of education who are not included in the above classes, and whose work calendar extends beyond the period of instruction, such as deputy, assistant and associate superintendents, superintendents and directors.	215 days or 1,720 hours per year (includes school and legal holidays)
Community College	Instructors and all others who are not administrators or program managers* and are employed on an hourly or annual basis.	30 teaching units per year of not less than 35 weeks in duration. (NOTE: The law does not specify minimum hours (refer to the definition of "teaching units").
	Instructors and all others who are not administrators or program managers* and are employed on a daily basis.	175 days per year
	Program managers* and administrators who are not included in the following class.	190 days or 1,720 hours (including school and legal holidays pursuant to policy adopted by district board for administrators at a district office).
Adult Education	Kindergarten thru Grade 12	1,050 hours per year, or 30 hours per week for 35 weeks per year.
	Community College District.	30 hours per week for 35 weeks per year, or 1,050 hours per year.

* NOTE: Program managers may include individuals who serve as advisers, coordinators, consultants, or developers or planners of curricula, instructional materials or programs.

California State Teachers' Retirement System
Job Aid
MINIMUM STANDARDS FOR FULL-TIME SERVICE

Education Code Section	Term	Definition
Section 22106.5	Basis of Employment	The standard of time over which the employer expects service to be performed by an employee in the position during the school year.
	Full-Time Basis	A basis of employment that is "full time," as defined pursuant to Section 22138.5.
	Part-Time Basis.	A basis of employment that is less than "full-time," as defined pursuant to Section 22138.5 (would include daily substitute service in K-12).
Section 22112.5	Class of Employees	A number of employees considered as a group because they are employed to perform similar duties, are employed in the same type of program, or share other similarities related to the nature of the work being performed. NOTE: In no event may one employee be considered a class or group.
Section 22115	Compensation Earnable	The annual compensation that a person would earn if he or she were employed on a full-time basis and worked full time in that position.
Section 22138.5	Full-Time	The days or hours of creditable service the employer require to be performed by a class of employees in a school year in order to earn the compensation earnable as defined in Section 22115 and specified under the terms of a collective bargaining agreement or employment agreement. NOTE: For purposes of crediting service, "full-time" shall not be less than the minimum standards specified in Section 22138.5.
Section 22138.6	Full-Time Equivalent	The time that a person who is employed on a part-time basis would be required to serve in a school year if he or she were if he or she were employed full-time in that position.
Section 22175	Teaching Units	The instructional workload component of a community college instructor's full-time assignment, which may also be expressed by community college districts in other terms including, but not limited to, "lecture hour equivalents", "academic units", "load hours", or "load units".

NOTE: A full-time equivalent (FTE) must be established for each hourly or daily part-time and substitute position for which member service is reported on or after July 1, 1996. The FTE must not be less than the minimum standard for the applicable class of employees as specified under the provisions of Section 22138.5.

October 12, 2017

TO: All County Superintendents of Schools
District Superintendents of Schools
Community College Districts
Charter Schools and
Other Employing Agencies

FROM: Jack Ehnes
EXECUTIVE OFFICE

SUBJECT: Employer Directive 2017-05
October 1, 2017, Amendments to the Creditable Compensation Regulations

PURPOSE:

This directive provides information regarding the October 1, 2017, amendments to the Creditable Compensation Regulations (Chapter 2 of Division 3, Title 5 of the California Code of Regulations).

SCOPE:

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs persons to perform creditable service under the CalSTRS Defined Benefit (DB), Defined Benefit Supplement (DBS) and Cash Balance (CB) Benefit programs.

DISCUSSION:

Effective January 1, 2015, the Creditable Compensation Regulations clarify and make specific provisions related to class of employees, creditable compensation and the appropriate crediting of contributions for CalSTRS 2% at 60 members. The regulations were amended on October 1, 2017, to provide additional clarification. Refer to Employer Information Circular Volume 30, Issue 5, for more comprehensive information regarding the regulations in their entirety.

Programs Established Pursuant to a Local Control and Accountability Plan as a Basis for Establishing a Class of Employees

Chapter 47, Statutes of 2013 (AB 97—Committee on Budget), revised the public financing of educational programs by establishing the Local Control Funding Formula. Most of the categorical education programs previously established in state law were eliminated; instead, local educational agencies are now authorized under state law to create individually tailored plans to

expend the funds previously allocated for those categorical education programs. The vehicle for establishing a local program is a Local Control and Accountability Plan (LCAP). Although LCAPs are established pursuant to state law, the specific programs established in an LCAP are local, not state, programs.

Section 27300 of the Creditable Compensation Regulations clarifies the basis upon which an employer can create a class of employees. Education Code section 22112.5 defines a “class of employees” as a number of employees considered as a group because they are employed to perform similar duties, are employed in the same type of program or share other similarities related to the nature of the work being performed. The term “same type of program” is not defined in the statute, but it is specified through regulations in Section 27300 to include a state or federal program established in law.

Section 27300 was amended to clarify that programs established in an LCAP meet the criteria upon which an employer can establish a class of employees.

Compensation Paid for Mentoring and Similar Duties as Salary

Section 27400 of the Creditable Compensation Regulations clarifies the use of the term “salary” as it relates to creditable compensation. In order for compensation to be considered salary, it must be paid in cash by an employer, paid for the performance of creditable service, explicitly characterized as salary in a written agreement, and used for the basis of future pay increases. However, compensation paid to execute duties that are “related to, and an outgrowth of, the instructional and guidance program of the school” need not be the basis of future pay increases because these types of assignments are often not paid according to a salary schedule and do not always reflect year-over-year increases or decreases that mirror the salary schedule.

Section 27400 was amended to clarify that compensation paid “to perform creditable service activities that are related to the examination, selection, in-service training, mentoring, or assignment of teachers, principals, or other similar personnel involved in the instructional program” is another type of pay that is reportable as salary, but that does not need to be explicitly described as salary on the written agreement nor be the basis of future pay increases. As with any compensation deemed salary, the employer must establish a compensation earnable for these activities.

Class Size Overload as Creditable Compensation

Section 27401 of the Creditable Compensation Regulations defines “remuneration that is paid in addition to salary” as it relates to creditable compensation. “Remuneration that is paid in addition to salary” is defined, in part, as compensation that is not associated with the performance of additional service. Section 27401 includes a short list of the types of pay that may be creditable as remuneration in addition to salary, which includes “employment in an assignment in which the number of students enrolled exceeds the contractual amount.” The language was amended to reference the “contractual class size maximum” for improved readability.

It is common, particularly among community college districts, for a written agreement to define “full time” in terms of a workload-based unit of measurement that is representative of full-time

hours worked. A full-time employee must achieve a given load factor to meet the full-time requirement. Based on this type of agreement, an instructor might earn double or triple the load credit by teaching a very large class. Generally, this additional load credit could be used to offset the number of courses that instructor teaches in a semester, or if the instructor is teaching in excess of a full load, it might be taken as additional pay above the full-time requirement during that semester or banked to offset a future semester, as permitted by the Education Code and according to the terms of the agreement.

Section 27401 was amended to clarify that when the contractual full-time is based on load credits or a similar non-time based measure, additional service includes any service that is associated with earning those credits. In other words, the compensation associated with accumulating load credits is associated with the performance of additional service and, therefore, is not reportable as remuneration in addition to salary. If the overload credit is banked for future use to cover a period when the employee works less than a full load, the compensation overload credit should be reported as salary when the banked time is used. If the overload credit is not banked for future use, the compensation should be reported as salary for an additional assignment.

In addition, compensation for large class sizes and other types of remuneration that is paid in addition to salary must be paid in the same manner to all members of a class of employees. If compensation is offered in an alternative form (for example, a teacher with extra students in the classroom can choose between a teachers' aide and cash compensation), the compensation is not creditable. This is true even if cash is one of the alternatives and it is the option selected. Section 27401 was amended to clarify this provision.

Additional Amendments with No Impact to the Reporting of Creditable Compensation

The aforementioned sections along with Section 27301 of the Creditable Compensation Regulations also include amendments to improve readability. In addition, Sections 27600 through 27602 were amended to clarify the manner in which CalSTRS assesses compensation for consistency and credits contributions appropriately. None of these amendments have a bearing on the manner in which employers report creditable compensation to CalSTRS.

ACTION

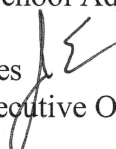
Refer to the updated Creditable Compensation Regulations to ensure compensation paid to CalSTRS 2% at 60 members for service performed on or after January 1, 2015, is accurately reported to CalSTRS.

The updated regulations will be included in the 2018 edition of the Teachers' Retirement Law book available on CalSTRS.com. In the meantime, you can access the updated regulations on the Secure Employer Website under Reference Items.

This Employer Directive does not take precedence over the law. If you have any questions regarding this Employer Directive, please email EmployerHelp@CalSTRS.com or call 877-277-5778.

February 25, 2016

TO: All County Superintendents of Schools
District Superintendents of Schools
County Offices of Education and
Charter School Administrators

FROM: Jack Ehnes 
Chief Executive Officer

SUBJECT: Employer Directive 2016-04
Supersedes Employer Information Circular Volume 28, Issue 1 (EIC12-1)
Reorganization and Clarification of Definition of "Creditable Service," Education
Code Sections 22119.5 and 26113.

PURPOSE

This directive notifies employers of changes to Education Code sections 22119.5 and 26113, the definition of "creditable service," made by Chapter 782, Statutes of 2015 (Assembly Bill 963), that became effective January 1, 2016.

SCOPE

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs persons to perform creditable service under the CalSTRS Defined Benefit (DB), Defined Benefit Supplement (DBS) and Cash Balance (CB) Benefit programs.

DISCUSSION

Chapter 782, Statutes of 2015, reorganizes Education Code sections 22119.5 and 26113, the definitions of "creditable service" for the DB and CB Benefit programs respectively. The amendments clarify the certification qualifications and minimum standards requirements that need to be met, as well as activities that are considered creditable service.

Credentialing Requirements

Chapter 782 makes more specific the certification qualifications and minimum standards requirements that must be met in order for the activities performed to be creditable to CalSTRS.

Education Code sections 22119.5(a) and 26113(a) now specify that in order for service to be creditable to CalSTRS, members and participants must perform creditable activities for one of the following employers as specified:

1. A prekindergarten through grade 12 employer, including the state, when the service is performed in a position requiring certification qualifications as designated in regulations adopted by the Commission on Teacher Credentialing (CTC) pursuant to Education Code section 44001.
2. A community college employer when the service is performed by a faculty member (defined in Education Code section 87003) in an academic position (defined in Education Code section 87001(b)), or when it is performed by an educational administrator (defined in Education Code section 87002(b)), subject to the appropriate minimum standards adopted by the Board of Governors of the California Community Colleges, or pursuant to a contract between a community college district and the US Department of Defense to provide vocational training.
3. A charter school employer under the provisions of an approved charter for the operation of a charter school which is eligible to receive state apportionment.

Creditable Activities

Chapter 782 also updates and clarifies the types of activities that are considered creditable. The notable amendments to the activities that are creditable if performed by an individual who meets the requirements outlined in Education Code sections 22119.5(a) and 26113(a) include (amendments are *italicized*):

- The work of *employees* who plan courses of study to be used in California public schools, or research connected with the evaluation or efficiency of the instructional program.
- The selection, collection, preparation, classification, demonstration, or evaluation of instructional material of any course of study for use in the development of the instructional program in California public schools, or other services related to *California public school curriculum*.
- The examination, selection, in-service training, *mentoring*, or assignment of teachers, principals, or other similar personnel involved in the instructional program.
- The work of nurses, physicians, speech therapists, psychologists, audiometrists, audiologists, and other *California public school health professionals*.
- Services as a *California public school librarian*.
- *Activities connected with the enforcement of the laws relating to compulsory education, coordination of child welfare activities involving the school and the home, and the school adjustment of pupils.*

Creditable service also includes the activities listed in Education Codes sections 22119.5(b) and 26113(b) when they are performed for an employer by (amendments are *italicized*):

- Superintendents of California public schools, *and presidents and chancellors of community college employers.*
- *Consulting teachers employed by an employer to participate in the California Peer Assistance and Review Program for Teachers pursuant to Article 4.5 (commencing with Section 44500) of Chapter 3 of Part 25 of Division 3 or Title 2.*

Outgrowth Activities

Chapter 782 also amends Education Code sections 22119.5 and 26113 to require that outgrowth activities are only creditable when they are performed for the same employer for which the member is performing any of the other creditable activities.

ACTION

Report service to CalSTRS that meets the definition of “creditable service” as described in Education Code section 22119.5 or 26113. The title of the position has no bearing on the creditability of the service, but the duties of the position should be in accordance with Education Code section 22119.5 or 26113.

If you are unsure to which retirement system you should report the service of some of your employees, please contact the Member Account Services Training and Teachers’ Retirement Law team using the information below, and we will work with you to determine how the service should be reported.

This employer directive does not take precedence over the law. To view Chapter 782, Statutes of 2015 (Assembly Bill 963), in its entirety, please go to <http://leginfo.legislature.ca.gov>.

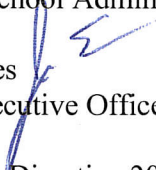
If you have any questions regarding this employer directive, please contact the CalSTRS Member Account Services Training and Teachers’ Retirement Law team by emailing MASTrainingandTRL@calstrs.com or calling toll free 844-679-7833.



California State Teachers'
Retirement System
Executive Office
PO Box 15275
Sacramento, CA 95851-0275
www.CalSTRS.com

April 17, 2015

TO: All County Superintendents of Schools
District Superintendents of Schools
County Offices of Education and
Charter School Administrators

FROM: Jack Ehnes 
Chief Executive Officer

SUBJECT: Employer Directive 2015-03
*Supersedes Employer Directive 2003-04 for Service Performed On and After
January 1, 2015*
Creditable Compensation Changes for CalSTRS 2% at 60 Members, Effective
January 1, 2015

PURPOSE

This directive notifies employers of the effect of the creditable compensation regulations on the specific principles regarding class of employees, creditable compensation and the crediting of contributions applicable to DB Program creditable service performed on and after January 1, 2015.

SCOPE

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs persons who are not subject to the California Public Employees' Pension Reform Act of 2013 (CalSTRS 2% at 60 members) to perform creditable service under the CalSTRS Defined Benefit (DB) and Defined Benefit Supplement (DBS) programs.

DISCUSSION AND ACTION

Effective January 1, 2015, the creditable compensation regulations, Sections 27200 through 27602 of Chapter 2, Division 3, Title 5 of the California Code of Regulations, clarify and make specific provisions related to class of employees, creditable compensation and the appropriate crediting of contributions for CalSTRS 2% at 60 members.

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The provisions in Sections 27300, 27301, 27400, 27401, 27500, 27501, 27502 and 27602 of the creditable compensation regulations are effective beginning with compensation that is earned for creditable service performed on and after January 1, 2015, while the provisions of Sections 27600 and 27601 are effective on and after January 1, 2015, regardless of the date creditable service was performed.

Employers must refer to the applicable provisions of the Teachers' Retirement Law and the creditable compensation regulations when determining if compensation is creditable to CalSTRS and how it should be reported for DB Program service performed by CalSTRS 2% at 60 members on and after January 1, 2015.

For DB Program service performed between July 1, 2002, and December 31, 2014, employers must refer to the applicable provisions of the Teachers' Retirement Law that were in effect at the time the service was performed. Employers may refer to the guidance provided in Employer Directive 2003-04 (ED03-04) and the Employers' Creditable Compensation Guide regarding service and compensation crediting, as long as that guidance does not conflict with the laws in effect at the time the service in question was performed.

REFERENCES

For more information regarding the creditable compensation regulations, please refer to Employer Information Circular Volume 30, Issue 5 (EIC14-5), available in the Reference Items section of the Secure Employer Website (SEW) or online at calstrs.com/information-circular.eic14-5-volume-30-issue-5; the CalSTRS Approved Regulations information web page at calstrs.com/general-information/creditable-compensation; or through the California Code of Regulations online at govt.westlaw.com/calregs.

For detailed file layouts and coding of contribution requirements, please refer to the F496 File Specifications, available in the Reference Items section of SEW.

This employer directive does not take precedence over the law. A copy of the current Teachers' Retirement Law is available on SEW under reference items, or online at calstrs.com/information-about-calstrs.

If you have any questions regarding this employer directive, the Teachers' Retirement Law or the creditable compensation regulations, please contact Member Account Services' Training and Teachers' Retirement Law Team at by email at MASTrainingandTRL@CalSTRS.com or by calling toll free at 844-679-7833.

Creditable Compensation Regulations Effective January 1, 2015

The purpose of this circular is to alert employers that on January 1, 2015, CalSTRS Creditable Compensation Regulations, Sections 27200 through 27602 of Chapter 2, Division 3, Title 5 of the California Code of Regulations become effective. The regulations clarify Education Code sections 22112.5, 22119.2 and 22905 and apply to CalSTRS 2% at 60 members.

Class of Employees

Education Code section 22112.5 defines class of employees. It states, in part, that a "class of employees" means a number of employees considered as a group because they are employed to perform similar duties, are employed in the same type of program, or share other similarities related to the nature of the work being performed.

Section 27300 of the regulations clarifies similar duties and type of program. Job duties grouped within each paragraph outlined in Education Code section 22119.5(a)(1)-(9) and (b) are similar. A program is any educational program established under state or federal law.

CalSTRS did not clarify other similarities related to the nature of the work in the regulations. The regulations do not affect CalSTRS' ability to override an employer's determination of a class of employees.

In addition, Education Code section 22112.5 states a class of employees may be comprised of one person if no other person employed by the employer performs similar duties, is employed in the same type of program, or shares other similarities related to the nature of the work being performed and that same class is in common use among other employers. Section 27300 of the regulations clarifies common use means the same class is in use by at least two other employers throughout the state.

Section 27301 of the regulations prohibits the establishment of a class of employees based on any of the following:

- Retirement benefit formula or retirement program;
- Minimum or maximum threshold for age or service credit;
- Characterization or structure of compensation;
- Option or requirement to work a longer or shorter day, or more or fewer days per year, performing similar job duties, except as provided in the Education Code section 22138.5 for community college instructors; or
- Performing only outgrowth activities.

Creditable Compensation

Education Code section 22119.2 defines creditable compensation. The law states remuneration paid in cash by an employer to all persons in the same class of employees for performing creditable service in that position is creditable compensation. The law also states that both of the following are creditable:

- Salary paid in accordance with a publicly available written contractual agreement; and
- Remuneration paid in addition to salary provided that it is paid to everyone in the same class of employees and in the same amount or percentage.

Section 27400 of the regulations clarifies what compensation is considered salary. To be considered salary, the compensation must be all of the following:

- Paid in cash for the performance of creditable service;
- Explicitly characterized as salary on a contract, salary schedule or employment agreement;
- Used as the basis for future pay increases; and
- Paid without a requirement for proof of expenditure.

If compensation is paid for any outgrowth activities identified in Education Code section 22119.5(a)(6), it does not have to be the basis for future pay increases to still be considered salary.

Additionally, since salary is compensation for the performance of creditable service, the employer must establish a compensation earnable for all assignments for which an employee will earn salary.

If any compensation is restructured as salary, and it meets all four characteristics of salary outlined above, CalSTRS considers that compensation to be salary on the effective date of the restructure regardless of how the compensation was previously paid or characterized.

Section 27401 of the regulations clarifies compensation that is considered remuneration in addition to salary. The compensation must be paid in cash in accordance with a publicly available written contractual agreement, and the compensation is not associated with the performance of additional service. Remuneration in addition to salary is compensation that either meets a qualification or requirement on the list below *or* is paid contingent upon the availability of funds.

- Possession or an attainment of a certificate, license, special credential or advanced degree;
- Career or service longevity;
- Hiring, transfer or retirement;
- Employment in a position that is hazardous or difficult to staff;
- Employment in an assignment in which the number of students enrolled exceeds the contractual amount; or
- Achievement of a performance benchmark.

Compensation that meets the definition of remuneration in addition to salary is creditable to CalSTRS and reportable as special compensation.

Compensation Paid a Limited Number of Times

Education Code section 22905 requires contributions on certain types of compensation be credited to the Defined Benefit Supplement Program. Section 27602 of the regulations clarifies contributions on compensation that is not ongoing and is contingent upon either the availability of funds or meeting specified qualifications or requirements are creditable to the Defined Benefit Supplement Program only.

Noncreditable Compensation

Education Code section 22119.2(c) defines compensation that is not creditable. Sections 27501 and 27502 of the regulations define fringe benefit and an expense paid or reimbursed by an employer. Below are types of compensation that are noncreditable compensation:

- Automobile allowances;
- Cash in lieu of benefits; and
- Housing allowances.

Additionally, Section 27500 of the regulations states that compensation that is contingent on the purchase of any items listed in Education Code section 22119.2(a)(5) is deemed to be covered by the employer, and therefore, it is noncreditable compensation. If an employer offers compensation for the purchase of a Tax Sheltered Annuity, it would be deemed covered by the employer and considered noncreditable compensation.

Appropriate Crediting of Contributions

Education Code section 22119.2(f) provides CalSTRS with the authority to determine whether compensation is consistent throughout a member's career, consistent amongst an entire class of employees or consistent for a position. If CalSTRS determines compensation is inconsistent, it will determine which portion of the compensation is creditable to the Defined Benefit Program and the Defined Benefit Supplement Program.

Section 27600 states that seven years, ending with the last day used to calculate final compensation, is generally the period of time that CalSTRS will review to determine if an increase in compensation is consistent. For a member with three-year consecutive or one-year final compensation, this means that CalSTRS will review his or her compensation for the year he or she retired and the immediately preceding six years.

When CalSTRS determines an increase in compensation is inconsistent, the employer or member may rebut the determination by providing substantiating documentation that the increase was attributable to one or more of the specific circumstances listed in Section 27600 of the regulations:

- A restructure of compensation that is a permanent change.
- A salary deferral due to a reduction in school funds.
- A commensurate percentage increase in compensation earnable for the majority of members employed by the same employer.
- A change in duties required of the employee that is incorporated in the first contract for the immediate successor to the position.
- An increase in responsibility of the employee that is incorporated in the first contract for the immediate successor to the position.
- Attainment of an educational or performance benchmark.
- An increase that establishes pay parity.
- A commensurate compensation earnable for the immediate successor or predecessor.
- More education or experience than the immediate predecessor.
- An increase in compensation that is required to recruit for a position which is directly responding to a specific time-bound financial crisis, as defined in the regulations.

For example, if CalSTRS inquires about an unusual increase in pay prior to an individual's retirement and the employer can demonstrate that the job responsibilities for that position were expanded because of a permanent change in the employer's business practice that was continued for the next person to hold that position, that would be viewed by CalSTRS as a consistent pay increase.

In another example, if the employer provides documentation demonstrating that an individual was promoted to a new position and that the predecessor to that position earned a similar amount, that would generally be viewed as consistent, unless the employer shows a pattern of promoting individuals into this position just prior to retirement. If CalSTRS determines that there is a pattern of assignment of duties or responsibilities by an employer to employees during the final compensation period, the additional compensation for those duties is presumed to be inconsistent.

The contributions on compensation increases presumed to be inconsistent will be allocated to the Defined Benefit Supplement Program. Compensation that does not exceed 150 percent of the median increase in compensation earnable earned by a broader population, as defined in the regulations, will be creditable to the Defined Benefit Program. Any compensation in excess of that amount will be allocated to the Defined Benefit Supplement Program.

Additionally, a restructure of compensation that does not meet the criteria of being permanent is presumed to be inconsistent, and the contributions on the restructured compensation will be credited to the Defined Benefit Supplement Program, even if the increase in compensation is less than 150 percent of the median increase of the applicable population.

CalSTRS will presume a restructure of compensation to be inconsistent if it is:

- Negotiated after January 1, 2016, and is outside of the employer's standard bargaining or employment contract timeframes; or
- Implemented for a class of one and is not negotiated in the first contract for the immediate successor in that position.

For complete information, please refer to the Creditable Compensation Regulations at calstrs.com/general-information/creditable-compensation.

December 27, 2012

TO: All County Superintendents of Schools
District Superintendents of Schools
County Offices of Education
Community College Districts
Charter School Administrators and
All Employing Agencies

FROM: Jack Ehnes
Chief Executive Officer

SUBJECT: Employer Directive 2012-07
California Public Employees' Pension Reform Act of 2013

PURPOSE

This directive notifies employers of changes to Education Code and Government Code sections contained in Chapter 296, Statutes of 2012 (AB 340—Furutani), known as the California Public Employees' Pension Reform Act of 2013, that becomes effective January 1, 2013.

SCOPE

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts, and any agency that employs persons to perform creditable service under the CalSTRS Defined Benefit (DB) and Defined Benefit Supplement (DBS) programs.

DISCUSSION

Chapter 296 applies differently to employees depending on when they first became employed to perform activities creditable to CalSTRS.

CalSTRS 2% at 60: First *hired* to a position to perform activities subject to coverage by the DB Program on or before December 31, 2012. An existing member is also someone who may have refunded, reinstated, retired, started as a nonmember or elected to have their creditable service covered by another retirement plan, including Social Security.

CalSTRS 2% at 62: First *hired* to a position to perform activities subject to coverage by the DB Program on or after January 1, 2013.

ACTION

If you hire a person to perform service that is creditable to the DB Program before January 1, 2013, establish his or her account in the Secure Employer Web site before December 31, 2012. All members with accounts established prior to January 1, 2013 will be under CalSTRS 2% at 60.

Employers will be prohibited from backdating a status date for any CalSTRS 2% at 62 accounts established on or after January 1, 2013.

If a member is defaulted into CalSTRS 2% at 62 in error, please contact your CalSTRS Member Account Services Representative for further instruction.

Compensation Cap

Chapter 296 added section 7522.10 to the Government Code, which establishes a limit on compensation used to calculate benefits for CalSTRS 2% at 62, including compensation credited to the DBS Program. For CalSTRS 2% at 62, the cap on compensation is equal to 120 percent of the 2013 Social Security wage base and will be adjusted annually based on changes to the Consumer Price Index for All Urban Consumers.

Beginning January 1, 2013, the compensation cap for CalSTRS 2% at 62 is \$136,440.

ACTION

CalSTRS 2% at 62:

- Report the full compensation earnable and actual compensation earned.
- Do not submit contributions on compensation over the compensation cap.

Edits implemented in the Secure Employer Web site will prevent employers from submitting contributions to the DB Program for CalSTRS 2% at 62 members whose earnings exceed the cap.

Employers may elect to offer a defined contribution plan for the contributions on salary above the cap to CalSTRS 2% at 62 members. However, the employer contribution rate cannot be greater than the 8.25 percent employer contribution rate for the DB Program.

For members under CalSTRS 2% at 62 who earn more than one year of service credit in a school year, contributions for that compensation will continue to be credited to the DBS Program provided that the compensation does not exceed the compensation cap.

Creditable Compensation

Chapter 296 added section 22119.3 to the Education Code and added section 7522.34 to the Government Code. These sections define and limit the types of compensation creditable to the DB and DBS programs for CalSTRS 2% at 62 as follows:

1) Creditable compensation is:

- A. The normal monthly rate of pay or base pay of the member;
- B. Paid pursuant to a publicly available pay schedule;
- C. Paid in cash to all persons in the same class of employees on a full-time basis.

For compensation to be creditable, it must be included in the full-time equivalent or specifically identified on a salary schedule or other publically available document.

2) Creditable compensation paid to CalSTRS 2% at 62 members excludes:

- A. An allowance;
- B. A bonus;
- C. Cash in-lieu of receiving a benefit;
- D. Compensation that is payable for a specified number of times;
- E. Compensation paid for the purposes of enhancing a benefit.

ACTION

For members under CalSTRS 2% at 62, employers cannot report special compensation creditable to the DBS Program only (account code 71) to CalSTRS. Edits implemented in the Secure Employer Web site will prevent employers from submitting special compensation to the DBS Program only for CalSTRS 2% at 62.

Employers may only report compensation paid to CalSTRS 2% at 62 members that meets the definition of creditable compensation under Education Code section 22119.3 and Government Code section 7522.34. Pay schedules may include individual employment contracts or agreements, traditional step and column salary schedules, or other publicly available documentation that delineates pay for a class of employees. Pay schedules must be publicly available, and employers must provide CalSTRS with copies upon request.

Certain payments, such as master's stipends, are considered creditable compensation as long as they are included in the full-time equivalent or specifically identified on a salary schedule or other publically available document. To report these types of compensation, use the existing contribution code 6 and a new assignment code 72.

Contribution Rates

Section 7522.30 was added to the Government Code by Chapter 296. This section establishes the contribution rate paid by members under CalSTRS 2% at 62 based on the normal cost of pension benefits. At its November meeting, the Teachers' Retirement Board adopted a normal cost of 15.9 percent for pension benefits under CalSTRS 2% at 62, based on analysis by the system's actuary. Based on this action, the contribution rate paid by a CalSTRS 2% at 62 members will be the same 8 percent rate currently set in statute for CalSTRS 2% at 60 members. There also is no change to the 8.25 percent employer contribution rate for compensation paid for any DB Program member.

Education Code section 22909 allows employers to pay all or a portion of the employee contributions, if that payment is made on behalf of all members in the same class of employees. However, Chapter 296 prohibits employers from paying employee contributions for CalSTRS 2% at 62 members, unless the prohibition would impair the obligations of an existing contract. Consequently, if such a contract currently exists, an employer may continue to pay all or a portion of employee contributions until the expiration of that contract, and upon expiration of that contract, may do so only if all members in the class of employees are CalSTRS 2% at 60 members. Employers may, however, continue to "pick-up" their employee's contributions, pursuant to Education Code section 22903, for the purposes of deferring income taxes, as authorized by Internal Revenue Code Section 414(h)(2) and Revenue and Taxation Code Section 17501.

ACTION

Contribution rates for all members, regardless of the benefit structure, and employers remain the same as set forth in Education Code sections 22901, 22950 and 22951. However, member contribution rates for CalSTRS 2% at 62 may change in the future.

Do not pay any portion of the employee contributions for CalSTRS 2% at 62 members unless an existing contract provides for such payment. Continue to pay all or a portion of the employee contributions for CalSTRS 2% at 60 members upon the expiration of that contract or a future contract only if all members in the same class of employees are CalSTRS 2% at 60 members.

Employer Election to Offer One-Year Final Compensation

Currently, Education Code section 22135 gives districts the ability to negotiate with employee organizations to provide one-year final compensation for all classroom teachers, as defined, who meet criteria specified in that section. Under Chapter 296, pursuant to added Government Code section 7522.32, CalSTRS 2% at 62 members' final compensation may only be averaged over at least three school years. Consequently, districts may still negotiate with employee organizations to provide one-year final compensation for CalSTRS 2% at 60 members who are classroom teachers only if all of their classroom teachers in the DB Program who meet the criteria specified in section 22135 are CalSTRS 2% at 60 members.

ACTION

Employers can continue to negotiate with employee organizations to provide one-year final compensation only if all of their classroom teachers in the DB Program who meet the criteria specified in section 22135 are CalSTRS 2% at 60 members.

Members Convicted of a Felony

Chapter 296 adds Government Code sections 7522.72 and 7522.74, which state if any member, regardless of their benefit structure, is convicted of committing a felony in the course of his or her official duties, any benefits that member accrued after committing the felony will be forfeited. Any benefits the member accrued prior to committing the felony will remain intact. Any contributions made by the member to CalSTRS after the date the felony was committed will be returned, without interest.

ACTION

A member convicted of a felony in the course of his or her official duties and the prosecuting agency are required to notify that member's employer within 60 days of the conviction.

The member and the employer are then required to notify CalSTRS within 90 days of the conviction. At a later date, we will provide more information regarding the process to notify CalSTRS of such felony convictions. In the meantime, if you become aware of such a conviction, please contact CalSTRS Legal Office by email at LegalServices@CalSTRS.com or by mail at the following address:

CalSTRS-Legal Services
PO Box 15275, MS #3
Sacramento, CA 95851

Postretirement Employment

Chapter 296 amends Education Code sections 24214 and 24214.5, which affect employers' ability to hire retired teachers and administrators to fill vacancies, depending on when a member retired.

Existing restrictions apply to retirees and members who retire on or before December 31, 2012. New restrictions apply to members who retire on or after January 1, 2013.

CalSTRS will publish a separate employer directive regarding postretirement work, exemptions and earnings limits.

Other Provisions Affecting Members

Nonqualified Service Credit

Chapter 296 adds Government Code section 7522.46, which prohibits any member from purchasing nonqualified service credit, also known as airtime, after December 31, 2012. In order for a member to purchase nonqualified service credit, he or she must be vested, and CalSTRS must receive the appropriate CalSTRS form by 5:00 p.m. on December 31, 2012.

Retirement Age and Career Factor

Chapter 296 adds Education Code sections 24202.6, 24202.7 and 24202.8, which make changes to the retirement age for CalSTRS 2% at 62. The normal retirement age for these members is 62 with a 2 percent age factor. The maximum age factor is 2.4 percent at 65 and the minimum age a CalSTRS 2% at 62 member can retire is age 55 with 5 years of service. Additionally, the career factor is eliminated for these members.

Replacement Benefits Program

Chapter 296 adds Government Code section 7522.43, which prohibits CalSTRS 2% at 62 members from receiving any benefits above the federal limit, known as the Replacement Benefits Program.

Retroactive Benefit Increases

Government Code section 7522.44 was added by Chapter 296, which stipulates future benefit enhancements for all members will only apply to service performed on or after the operative date of the improvement.

No employer action is needed for these other provisions affecting members.

If you have any questions, please contact your CalSTRS Member Account Services Representative.