



California Public Employees' Retirement System
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Payroll

Circular Letter

January 8, 2020

Circular Letter: 200-003-20

Distribution: IV, VI, X, XII, XVI

To: All CalPERS Contracted Agencies (Public Agency, Schools, and State)
Subject: Statutory and Regulatory Requirements for Publicly Available Pay Schedules

Purpose

The purpose of this Circular Letter is to inform all CalPERS Contracted Agencies of the requirements for providing CalPERS with a Publicly Available Pay Schedule in compliance with the Public Employees' Retirement Law (PERL), Public Employees' Pension Reform Act of 2013 (PEPRA), and Title 2 of the California Code of Regulations (CCR).

Purpose of Publicly Available Pay Schedules

Under the PERL and PEPRA, compensation earnable and pensionable compensation are determined in accordance with amounts identified on publicly available pay schedules.

Compensation Earnable

Under Government (Gov.) Code sections 20636 and 20636.1, compensation earnable means the pay rate and special compensation of the member, as further defined by those statutes.

Pay rate for contracting agency and school members is deemed the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules. Pay rate for contracting agency and school members who are not in a group or class is deemed the monthly rate of pay or base pay of the member, paid in cash and pursuant to publicly available pay schedules, for services rendered on a full-time basis during normal working hours, subject to specified limitations.

Pay rate for state members is deemed the average monthly remuneration paid in cash out of funds paid by the employer to similarly situated members of the same group or class of employment, in payment for the member's services or for time during which the member is excused from work, as further specified by subdivision (g) of Gov. Code 20636, pursuant to publicly available pay schedules.

Pensionable Compensation

Pursuant to Gov. Code section 7522.34, pensionable compensation of a new member of any public retirement system means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules, subject to specified limitations.

Requirements of Publicly Available Pay Schedules

Subdivision (a) of CCR section 570.5 defines the requirements for a publicly available pay schedule used to determine pay rates.

Pay rates shall be limited to the amount listed on a pay schedule that must meet all the following eight (8) requirements:

1. Be duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws
2. Identify the position title for every employee position
3. Show the pay rate as a single amount or multiple amounts within a range for each identified position
4. Indicate the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually
5. Be posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's website
6. Indicate an effective date and date of any revisions
7. Is retained by the employer and available for public inspection for not less than five years
8. Does not reference another document in lieu of disclosing the pay rate

Here is an example of a compliant pay schedule, to the extent it has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws, it is posted on the employer's website, and it is retained by the employer and available for public inspection for not less than five years:

| City of CalPERS Salary Schedule for Fiscal Year 17-18 Effective as of 07/01/2017 | | | | | | |
|---|------------------|---------------|---------------|---------------|---------------|---------------|
| Classification | Rate Type | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 |
| City Manager | Monthly | \$10,500 | \$11,000 | \$11,500 | \$12,000 | \$12,500 |
| City Counsel | Monthly | \$10,000 | \$10,500 | \$11,000 | \$11,500 | \$12,000 |
| City Clerk | Monthly | \$5,500 | \$6,000 | \$6,500 | \$7,000 | \$7,500 |
| Call Center Representative | Monthly | \$5,000 | \$5,500 | \$6,000 | \$6,500 | \$7,000 |
| Analyst | Monthly | \$5,000 | \$5,500 | \$6,000 | \$6,500 | \$7,000 |
| Assistant | Monthly | \$4,500 | \$5,000 | \$5,500 | \$6,000 | \$6,500 |
| Revised as of 09/01/2017 and adopted by the Board as of 09/15/2017 | | | | | | |

Special Compensation

Pursuant to CCR section 571 for classic members, and CCR section 571.1 for new members under PEPR, special compensation items are defined under an exclusive list. Each special compensation item shall be reported separately from pay rate, in accordance with the criteria described in those regulations. Therefore, a publicly available pay schedule in which the special compensation items are reflected in the pay rates does not comply with CCR section 570.5.

Absence of Publicly Available Pay Schedule

If an employer fails to meet the requirements of subdivision (a) of CCR section 570.5, under subdivision (b), the board may determine in its sole discretion an amount that will be considered as pay rate, taking into consideration all information it deems relevant including, but not limited to, the following:

- Documents approved by the employer's governing body in accordance with requirements of public meeting laws and maintained by the employer
- Last pay rate listed on a pay schedule that conforms to the requirements of subdivision (a) with the same employer for the position at issue
- Last pay rate for the member that is listed on a pay schedule that conforms with the requirements of subdivision (a) with the same employer for a different position
- Last pay rate for the member in a position that was held by the member and that is listed on a pay schedule that conforms to the requirements of subdivision (a) of a former CalPERS employer.

Importance of Publicly Available Pay Schedule

Publicly available pay schedules are required by CalPERS and are a critical component to verify all members' pay rates when calculating members' retirement benefits. Maintaining a compliant publicly available pay schedule will support transparency and expedite CalPERS' review process.

Failure to provide CalPERS with a compliant publicly available pay schedule may result in a retirement benefit being delayed.

Questions

It is the employer's responsibility to comply with all terms and conditions set forth in the employer's contract with CalPERS and to ensure all reportable information is compliant with the PERL, PEPPRA, and the CCR.

If you have any questions or concerns, contact the CalPERS Customer Contact Center at **888 CalPERS** (or 888-225-7377), or email MOU_Review@calpers.ca.gov.

Renee Ostrander, Chief
Employer Account Management Division