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Debra Duardo, M.S.W., Ed.D., *Superintendent*

October 20, 2020

TO: Chief Business Officials
Chief Personnel Officials
HRS Coordinators
Los Angeles County K-12 Schools and Community College Districts
Regional Occupational Programs/Centers (ROP/Cs) and Charter Schools

FROM: Claudette Wiggan-Reid, Retirement Systems Coordinator
District Personnel Information Services
Division of School Financial Services

SUBJECT: CalPERS Requirements for Publicly Available Salary Schedules

Government Code requires that salary schedules for all employees who are members of California Public Employees' Retirement System (CalPERS) are made publicly available by all districts, community colleges and charter schools. Maintaining a compliant publicly available salary schedule will support transparency and expedite CalPERS' review process. Configuration of the salary schedules remains at the discretion of the individual districts and can be organized by job duties, job families, job responsibilities or any other job-related criteria. Refer to CalPERS Circular Letter: 200-003-20 dated January 8, 2020 for additional detail.

California Code of Regulations (CCR) section 570.5 (a) defines the requirements for a publicly available salary schedule used to determine pay rates. The **pay rate shall be limited to the amount listed on a salary schedule** that meets all of the below eight (8) requirements:

- (1) Board approval: Approved and adopted by the employer's governing body with requirements of applicable public meetings laws. The date of the board action should be displayed on the salary schedule.
- (2) Identifies all job titles: Identifies the job title for every employee position.
- (3) Pay rate: Identifies a pay rate for each employee position within the district. Must include the list of each salary step and range (*base pay rate only. Exclude any special compensation*).
- (4) Time basis: Classifies the pay rate as being paid hourly, daily or monthly.
- (5) Publicly available: The salary schedule must be posted at the office of the employer or be immediately accessible and available for public review during normal business hours. The best practice is to post the salary schedule on the district's website.
- (6) Effective date: Indicates an effective date and date of any revisions.
- (7) Retention: Is retained by the employer and available for public inspection for no less than five (5) years.
- (8) No Reference Document: The schedule must contain all the required information and should not reference another document.

CCR 570.5 (b) - Failure to Meet Requirements

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

- (1) Documents approved by the employer's governing body, in accordance with requirements of public meetings laws and as provided by the employer;
- (2) Using last pay rate listed on a salary schedule that conforms to the requirements of CCR 570.5 (a) with the same employer for the position at issue;
- (3) Using last pay rate for the member that is listed on a salary schedule that conforms with the requirements of CCR 570.5 (a) with the same employer for a different position;
- (4) Using last pay rate for a former CalPERS employer for which the member held a position that is listed on a salary schedule that conforms with the requirements of CCR 570.5 (a).

Failure to meet the above requirements could result in a reduction to the creditable compensation for the affected employee(s) and a reduced monthly benefit payment for retirees. In addition to the reductions to creditable compensation, per GC 20164, there may be overpayment consequences for the member and/or the employer.

Pay Rates versus Other Types of Compensation

Districts are responsible for ensuring pay rates do not include any other type of compensation. If employees are paid other types of compensation, districts must ensure other compensation types are not included in the pay rate.

The pay rate that is reported to CalPERS should always be based upon the full-time pay rate as shown on the publicly available salary schedule.

For clarification, please refer to the following attachments:

- No. 1: Frequently Asked Questions
- No. 2: Payroll examples
- No. 3: Sample salary schedule listing pay rates
- No. 4: Sample document listing **other** compensation

If you have any question regarding this bulletin, please contact the following persons:

| | | |
|-----------------------|----------------|--|
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Approved:

Sean Lewis, Assistant Director

School Financial Systems and Services

CWR:sm

Attachments

Frequently Asked Questions

How is pay rate used by CalPERS?

Pay rate is used in the calculation of both service credit and final compensation. A full year of service credit is earned by reporting the following earnings: 1,720 hours (hourly paid); 215 days (daily paid) or 10 months (monthly paid) during a fiscal year. Final compensation is calculated using the highest average pay rate for one (1) year or three (3) years of the employee's full-time monthly pay.

Based on the earnings reported to CalPERS, a retired employee's monthly benefit payment will be calculated using the following formula:

$$\begin{array}{ccccccc} \text{Service Credit} & \times & \text{Benefit Factor} & \times & \text{Final Compensation} & = & \text{Unmodified Allowance} \\ (\# \text{ of years}) & & (\% \text{ per year}) & & (\text{avg. monthly pay rate}) & & (\text{pension}) \end{array}$$

Can amounts for longevity, bilingual and other types of special compensation be included in the pay rate?

CalPERS requires that the pay rate be reported separately from special compensation payments. Therefore, special compensation amounts should not be combined with pay rates on the salary schedule. It is extremely important that all agencies use the correct earnings code to report pay rates and special compensation to CalPERS.

In compliance with CCR 571, the correct earnings code will dictate whether or not contributions are deducted from the employee's pay. It will also identify the category and type for special compensation payments to CalPERS.

Refer to LACOE's Information Bulletin [4750](#) dated February 2, 2018 for a list of the most commonly used earnings codes for special compensation payments and reporting guidance.

Are the pay rates for CalPERS members who work as contract employees subject to the requirements of CCR 570.5?

It is a common practice for districts to hire employees in some job classifications using a signed agreement/contract (e.g., Superintendent, Administrators). A contract between the district and an individual employee does not meet the publicly available salary schedule requirements of CCR 570.5 (a). Agreed upon salaries for these positions that are held by CalPERS members, must comply with the requirements of CCR 570.5 and be on a publicly available salary schedule.

CalPERS Member Payroll Samples

Example 1:

Mark Jones was hired as a 10-month cafeteria worker and is currently on Step 3 of the salary schedule (*refer to Attachment No. 3*). Step 3 shows a monthly pay rate of \$4,894. He was also paid the following items for January:

- | | | |
|---|---|--------------------------------------|
| <ul style="list-style-type: none"> a) catering stipend b) driving allowance, and c) longevity for 22 years of employment at the District | } | (<i>refer to Attachment No. 4</i>) |
|---|---|--------------------------------------|

Since regular earnings and longevity are the only two items that are creditable, only these two items should be reported to CalPERS. The pay rate should always be an hourly, daily or monthly full-time rate as shown on the publicly-available salary schedule. In this example, the full-time pay rate is \$4,894 per month which matches the salary schedule. For January, Mark Jones will receive:

| Pay Description | Earnings Code | Creditable to PERS | | Creditable to PERS? | Comment |
|-----------------|---------------|--------------------|---------------|---------------------|---|
| | | Pay Rate | Amount Earned | | |
| Earnings | REG | \$4,894 | \$4,894 | Yes | Pay rate matches publicly available salary schedule |
| Longevity | LON | 0.00** | \$155 | Yes | Matches a labor policy or agreement |
| Catering | i.e. NDL | 0.00** | \$150 | No | |
| Driving | i.e. NDH | 0.00** | \$90 | No | |

** Note: In HRS, lump sum payments have to be entered with the matching amount as pay rate. However, the pay rate will not be reported to CalPERS.

For Example 1, the pay rate and the amount earned are equal because there is no docked time. The employee earned a full-month salary.

Example 2:

Mark Jones was docked \$1,100 for the month of February. He was also paid the following items:

- | | | |
|---|---|--------------------------------------|
| <ul style="list-style-type: none"> a) catering stipend b) driving allowance, and c) longevity for 22 years of employment at the District | } | (<i>refer to Attachment No. 4</i>) |
|---|---|--------------------------------------|

For February 2019 Mark Jones will receive:

| Pay Description | Earnings Code | Creditable to PERS | | Creditable to PERS? | Comment |
|-----------------|---------------|--------------------|---------------|---------------------|--|
| | | Pay Rate | Amount Earned | | |
| Earnings | REG | \$4,894 | \$3,794 | Yes | <ul style="list-style-type: none"> Pay rate matches publicly available salary schedule Amount earned shows dock in pay |
| Longevity | LON | 0.00** | \$155 | Yes | Matches a labor policy or agreement |
| Catering | i.e. NDL | 0.00** | \$150 | No | |
| Driving | i.e. NHL | 0.00** | \$90 | No | |

For Example 2, the pay rate and the amount earned are different because there is docked time. However, the pay rate remains the same as in Example 1 \$4,894. The employee earned a partial-month salary.

In cases like this, the earned amount should **never** be used as the pay rate.

CalPERS Unified School District **Salary Schedule**

Rates effective July 1, 2019

Approved by the Board on: August 16, 2019

| Job Title | Range | STEPS | | | | | Time Basis |
|---|-------|------------------|------------------|------------------|------------------|------------------|------------|
| | | 1 | 2 | 3 | 4 | 5 | |
| Accounting Clerk | 44 | 5,216 30.09 | 5,503 31.75 | 5,806 33.50 | 6,125 35.34 | 6,462 37.28 | M H |
| Accounting Manager | 70 | 8,092 | 8,537 | 9,007 | 9,502 | 10,025 | M H |
| Assistant Superintendent, Business & HR | 90 | 11,867 541.46 | 12,520 571.25 | 13,208 602.64 | 13,935 635.82 | 14,701 670.77 | M D |
| Assistant Superintendent, Education & Tech. | 90 | 11,867 541.46 | 12,520 571.25 | 13,208 602.64 | 13,935 635.82 | 14,701 670.77 | M D |
| Asst. Director, Business Services | 80 | 8,703 | 9,137 | 9,593 | 10,073 | 10,577 | M H |
| Asst. Director, Technology Services | 80 | 8,703 | 9,137 | 9,593 | 10,073 | 10,577 | M H |
| Cafeteria Worker | 30 | 4,397 25.37 | 4,639 26.76 | 4,894 28.24 | 5,164 29.79 | 5,448 31.43 | M H |
| Custodian | 30 | 4,397 25.37 | 4,639 26.76 | 4,894 28.24 | 5,164 29.79 | 5,448 31.43 | M H |
| Director, Business Services | 86 | 10,764 | 11,356 | 11,980 | 12,639 | 13,334 | M H |
| Director, Technology Services | 86 | 10,764 | 11,356 | 11,980 | 12,639 | 13,334 | M H |
| Executive Assistant, Superintendent | 66 | 6,822 | 7,197 | 7,593 | 8,010 | 8,451 | M H |
| Financial Officer | 70 | 8,092 | 8,537 | 9,007 | 9,502 | 10,025 | M H |
| Payroll Clerk | 38 | 4,848 27.97 | 5,115 29.51 | 5,396 31.13 | 5,693 32.84 | 6,006 34.65 | M H |
| Payroll Manager | 74 | 8,192 | 8,637 | 9,107 | 9,602 | 10,125 | M H |
| Payroll Supervisor | 54 | 5,893 | 6,217 | 6,559 | 6,920 | 7,300 | M H |
| Receptionist | 37 | 4,797 27.68 | 5,039 29.07 | 5,294 30.54 | 5,564 32.10 | 5,848 33.74 | M H |
| Secretary | 44 | 5,216 30.09 | 5,503 31.75 | 5,806 33.50 | 6,125 35.34 | 6,462 37.28 | M H |
| Senior Accountant | 65 | 5,612 32.38 | 5,921 34.16 | 6,247 36.04 | 6,590 38.02 | 6,953 40.11 | M H |
| Senior Custodian | 37 | 4,797 27.68 | 5,039 29.07 | 5,294 30.54 | 5,564 32.10 | 5,848 33.74 | M H |
| Senior Secretary | 46 | 5,345 30.84 | 5,639 32.53 | 5,949 34.32 | 6,276 36.21 | 6,622 38.20 | M H |
| Superintendent | 95 | 14,269 646.41 | 14,922 675.71 | 15,610 706.87 | 16,337 739.72 | 17,103 774.48 | M D |
| Transportation Coordinator | 68 | 7,521 43.39 | 7,935 45.78 | 8,371 48.30 | 8,831 50.95 | 9,317 53.75 | M H |

Note: The hourly and daily rates listed herein are fictitious and do not calculate to the monthly pay rates.

Attachment No 3:
Info. Bul. No. 5277
SFS-A16-2020-2021

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Publicly Available: Best Solution to post on the District's website
Retain for not less than a period of 5 years
This schedule should not reference another document

CalPERS Unified School District **Other Compensation Document**

Rates effective July 1, 2019

Approved by the Board on: August 16, 2019

Creditable to CalPERS

Use "Dated Stipend" in HRS

Refer to LACOE's Standardized Earnings Codes List

Need to deduct CalPERS contributions

| | | | | | | | |
|-----------|--------|---------|---------|---------|---------|---------|---------|
| | Years | 5-10 | 11-15 | 16-20 | 21-25 | 26-30 | Over 30 |
| Longevity | Annual | \$1,000 | \$1,150 | \$1,300 | \$1,550 | \$1,800 | \$2,200 |

Bilingual 1% monthly salary

Swing Shift \$85 per month

Bachelor's Degree \$500 per year

Master's Degree \$600 per year

Doctorial Degree \$1000 per year

Non-Creditable to CalPERS

Do NOT deduct CalPERS contributions

Use an earnings code (i.e. NDL, NDH) that will NOT deduct CalPERS contributions

Catering Stipend \$150 per month

City Incentive \$375 per month

Driving Allowance \$ 30 per day

Mileage Use Federal rate for current year

Attachment No. 4:

Info. Bul. No. 5277

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