Reminders

- PERS Forms – Send to Maria Aguayo
  - New Qualifying employees: PERS form, snapshot of PERS screen, Reciprocal Self-Certification form
  - Returning Employee (PERS member): PERS form
  - Returning Retiree: Need PERS form within 30 days of hire, otherwise there is a $200.00 fee
  - Upon Separation: Need PERS form to end appointment

- STRS NFF implementation is here.
  - IT is holding a workshop on Feb 24, 2021 – Please sign up. There are changes that need to be made to job classifications and add-ons.

- Please use the most updated payroll and AP certification forms on the SCOE website

- Do not re-use the folders we send the AP and Payroll checks in. We are not re-using folders at this time due to COVID.

- Please send AP/Payroll reports from your work email. Some have been coming in as direct scans or from a cell phone and these are hard to track.

- Please be on time when you make an appointment to come drop off your deposits or pick-up checks. Business Services is working limited hours in the office at the moment and we need to make sure to stagger appointments.

Updates

- Electronic Deposit Request form has been updated on the SCOE website.
  - Also - Added instructions on how to fill out this form if you are expecting an electronic deposit
    - https://www.scoe.org/files/Electronic_Deposit_Form_Instructionsv2.pdf

- CalPERS Circular Letter 200-001-21
  - Attached are the 2021 compensation limits for CalPERS classic and new members

- Minimum Wage increased as of January 1, 2021
  - New Rate as of January 1, 2021 - $14.00/hour

- Mileage Rate for business travel is $.56 per mile – down from $.575 in 2020
Payroll
Circular Letter

January 6, 2021
Circular Letter: 200-001-21
Distribution: IV, V, VI, X, XII, XVI

To: All CalPERS Employers
Subject: 2021 Compensation Limits for Classic and PEPRA Members

Purpose

The purpose of this Circular Letter is to inform all employers of the 2021 compensation limits for classic and Public Employees’ Pension Reform Act (PEPRA) members and provide guidelines for how to report payroll when Internal Revenue Code (IRC) or PEPRA limits have been reached in a calendar year. Section 401(a)(17) of the IRC provides earnings limits on annual compensation that can be considered under qualified retirement plans for some classic members. Government (Gov.) Code section 7522.10 of the PEPRA law provides the authority for the earnings limit for all PEPRA members.

Employers should notify all classic or PEPRA members who are subject to the compensation limit requirements.

Compensation Limits

Classic Members
The compensation limit for classic members for the 2021 calendar year is $290,000. Employees with membership dates prior to July 1, 1996, are not impacted by these limits.

The compensation limits for classic members during calendar years 2017 through 2020 are:

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$285,000</td>
<td>$280,000</td>
<td>$275,000</td>
<td>$270,000</td>
</tr>
</tbody>
</table>
PEPRA Members
The compensation limit for PEPRA members for the 2021 calendar year is:

<table>
<thead>
<tr>
<th>Year</th>
<th>Social Security Participants</th>
<th>Non-Social Security Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$128,059</td>
<td>$153,671</td>
</tr>
</tbody>
</table>

The compensation limits for PEPRA members during calendar years 2017 through 2020 are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Social Security Participants</th>
<th>Non-Social Security Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$126,291</td>
<td>$151,549</td>
</tr>
<tr>
<td>2019</td>
<td>$124,180</td>
<td>$149,016</td>
</tr>
<tr>
<td>2018</td>
<td>$121,388</td>
<td>$145,666</td>
</tr>
<tr>
<td>2017</td>
<td>$118,775</td>
<td>$142,530</td>
</tr>
</tbody>
</table>

**Reporting Guidelines**

Compensation limits for both classic and PEPRA members do not limit the salary an employer can pay; they limit the amount of compensation considered under the defined benefit plan.

For classic members, report compensation earnable to CalPERS; for PEPRA members, report pensionable compensation to CalPERS. For classic and PEPRA members, contributions should not be made on compensation that exceeds the limit for each calendar year. In addition, exclude items such as overtime, automobile allowances, and lump-sum payouts for all compensation reported.

Employers are responsible for monitoring when an employee meets or exceeds the limit. Once a participant reaches the compensation limit, the employer must continue reporting compensation as earned; however, employer and employee contributions should no longer be reported for the rest of the calendar year. myCalPERS will track classic and PEPRA member earnings over multiple CalPERS contracting agencies. Therefore, if a member is hired in the middle of the year from another CalPERS agency, myCalPERS will notify the current employer when the member reaches or exceeds the compensation limit. Monitoring and contribution reporting begin on January 1 of each calendar year. The end date of the payroll earned period determines which calendar year the period falls in.

Federal law does not permit CalPERS to refund over-reported contributions to an active CalPERS member. Employers must report these adjustments and refund the money to the employee(s) once these adjustments have posted.
Impact on Final Compensation

For classic members, final compensation is the highest average annual compensation earnable for a 12- or 36-consecutive month period of employment, depending on the employer contract.

Classic members’ retirement allowances are subject to final compensation limits under IRC section 401(a)(17). The calculation of each 12-month period will be subject to the annual compensation limit in effect for the calendar year in which the 12-month period begins. If final compensation exceeds 12 months, each 12-month period is calculated based on the applicable annual compensation limit for that 12-month period.

For PEPRA members, final compensation is the average annual pensionable compensation for a 36-consecutive month period of employment.

PEPRA members’ retirement allowances are subject to pensionable compensation limits under Gov. Code section 7522.10. The pensionable compensation limit — used to calculate final compensation — is calculated based on the limit in effect for each calendar year and the number of days per year included in the final compensation period.

Online Training

The myCalPERS Payroll: Reporting Earnings Over the Compensation Limit online class is available for employers. This class provides instruction on how to report payroll information when the compensation limit has been reached. To enroll in the class, log in to your myCalPERS account and select the Education tab.

If you have any questions, call our CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377).

Renee Ostrander, Chief
Employer Account Management Division
Minimum Wage Increases Effective January 1, 2021

Starting January 1, 2021, the state minimum wage increases once again—this time to $14 per hour for employers with more than 25 employees. Employers with 25 employees or fewer are required to comply with the $13 per hour minimum wage starting January 1, 2021. An increase in the state minimum wage also increases the minimum salary for employees in certain positions to be exempt from the Fair Labor Standards Act.

Here is the minimum wage implementation schedule, along with the minimum salary for exempt employees:

<table>
<thead>
<tr>
<th>Minimum Wage</th>
<th>Effective Date: &gt; 25 Employees</th>
<th>Effective Date: ≤ 25 Employees</th>
<th>Exempt Minimum Salary (Weekly)</th>
<th>Exempt Minimum Salary (Monthly)</th>
<th>Exempt Minimum Salary (Annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12.00/hour</td>
<td>January 1, 2019</td>
<td></td>
<td>$960</td>
<td>$4,160</td>
<td>$49,920</td>
</tr>
<tr>
<td>$13.00/hour</td>
<td>January 1, 2020</td>
<td>January 1, 2021</td>
<td>$1,040</td>
<td>$4,507</td>
<td>$54,080</td>
</tr>
<tr>
<td>$14.00/hour</td>
<td>January 1, 2021</td>
<td>January 1, 2022</td>
<td>$1,120</td>
<td>$4,853</td>
<td>$58,240</td>
</tr>
<tr>
<td>$15.00/hour</td>
<td>January 1, 2022</td>
<td>January 1, 2023</td>
<td>$1,200</td>
<td>$5,200</td>
<td>$62,400</td>
</tr>
</tbody>
</table>

Even with the scheduled increases above, as specified in statute, state policy makers can choose to suspend the minimum wage increase for any year in which there are concerns about the state’s fiscal condition, but this is not currently expected.

Note that, depending on your location, your agency may be required to comply with a higher local minimum wage—there are many cities and counties in California that have an ordinance requiring a higher minimum wage than the state. Also keep in mind that under the current remote working conditions of many employees across the state, it is important to note that local ordinances are based on where the employee is working. For example, if an employer has an hourly employee working remotely and they reside in a city with a local ordinance, the employer may be subject to that ordinance, only if the local ordinance hourly wage exceeds the employee’s regular hourly wage. This, of course, has significant salary implications since local educational agencies are subject to uniform salary schedule rules. In order to conduct an audit to determine the potential impacts, we recommend that you run a report of employee address lists in comparison with the list of city ordinances that can be found here. It is also prudent that you work closely with an attorney in determining the potential impact.

Remember that the minimum wage is an obligation of the employer and cannot be waived by any agreement, including collective bargaining agreements. So even if you find yourselves in the middle of negotiations regarding salary, as employers, you are still obligated to comply with the minimum wage rate for the effective year.
By the Way . . . IRS Announces Standard Mileage Rates for 2021.

Beginning January 1, 2021, the mileage reimbursement rate for business travel is 56¢ per mile (down from 57.5¢ in 2020).

For more information, please see Notice 2021-02, posted by the Internal Revenue Service (IRS) on December 22, 2020.