

Sonoma County Office of Education
Business Services

EXTERNAL PAYROLL AND FINANCE UPDATES

DBUG MEETING: June 23, 2022

[Retirement](#)

Employees cannot elect CalSTRS if an employee qualifies with a district in a classified position by working 1,000 hours

- The employee needs to be in a qualifying position from the start of employment in order to elect the alternate retirement system
 - <https://calstrs-pensionx-web.specialdistrict.org/files/b41a72819/RetirementSystemElection.pdf>

Employees who elect CalPERS while working a certificated position

- **Please audit** the Retirement Tab for employees who elected CalPERS while working in a certificated position
 - Audit by running a list in Employee Management (See example below)
 - Employee Management - Section 5: Addons and Pay Cycles
 - Pay Cycle as of Date: 05/31/2022
 - Pay Cycle: Choose all the Certificated Regular Pay Cycles

5 - Addons and Pay Cycles	
Addon As Of Date	
Addon Start Date	
Addon End Date	
Addon	
Description	
Addon Salary Schedule	
Addon Salary Schedule Cell	
Addon Job Category	
Addon Job Class	
Addon Longevity Date	
Addon Portal Supervisor Position Number	
Addon Portal Work Activity	
Division	
Academic Dept	
OASDI Enabled	
Pay Cycle As Of Date	5/31/2022
Pay Cycle Start Date	
Pay Cycle End Date	
Pay Cycle	CE0A, CE0S, CE1A, CE2J
Arrears Pay Option	
Advance Pay Option	
Paycheck Location	
Timesheet Location	
Portal Location	

- Employee Management - Section 9 – Pay Setup
 - Retirement as of Date: 05/31/2022

- Retire Plan Code: PERS
- Retire Status Code: Member

9 - Pay Setup	
Contribution As Of Date	
Contribution Start Date	
Contribution End Date	
Contribution Id	
Contribution Description	
Contribution Vendor	
Deduction As Of Date	
Deduction Start Date	
Deduction End Date	
Deduction Id	
Deduction Description	
Deduction Vendor	
Retirement As Of Date	5/31/2022
Retirement Start Date	
Retirement End Date	
Retire Plan Code	PERS
Retire Status Code	1 {Member}
Retire Plan Option	

Hit Go in Employee management with the above filters and this will give a list of employees who were under certificated Regular pay cycles and CalPERS members as of May 31, 2022

- o Check to make sure the employee was in a certificated position, if so then these employees should have a PERS schedule of **173 – Monthly** – See below:

Begin	End	Plan	Plan Option	Primary	Mbr Status	Mbr Type	Mbr Date	Assn Type	PERS	PERS Sched
2/1/2018		PERS	O	Yes	1	{None}			No	173
9/1/2011	1/31/2018	PERS	O	Yes	1	{None}			No	400
1/29/2010	8/31/2011	PERS	O	Yes	1	{None}			No	0

- o If the record is not set up correctly, these employees will not receive a full year of service credit with CalPERS
- o Please contact Helpdesk@scoe.org, Maguayo@scoe.org, Carend@scoe.org or Jliu@scoe.org if you need help with this process
 - If you identify that an employee was set up incorrectly, please notify us right away as Maria Aguayo will need to fix the employee’s retirement reporting
- Also, if these employees work extra duty or are granted a stipend, these extra funds need to be sent to CalPERS to check for creditability
 - o The election is only for work associate with the employee’s position. CalPERS will determine if the extra pay meets their criteria for creditable service

CalSTRS Employee and Employer Contribution Rates 2022-23 (See attached)

Fiscal Year Creditable Service Performed In	DB Member Contribution Rate CalSTRS 2% at 60	DB Member Contribution Rate CalSTRS 2% at 62	DB Employer Contribution Rate
Prior to 7/1/2014	8.00%	8.00%	8.25%
2014-15	8.15%	8.15%	8.88%
2015-16	9.20%	8.56%	10.73%
2016-17	10.25%	9.205%	12.58%
2017-18	10.25%	9.205%	14.43%
2018-19	10.25%	10.205%	16.28%
2019-20	10.25%	10.205%	17.10% ¹
2020-21	10.25%	10.205%	16.15% ¹
2021-22	10.25%	10.205%	16.92% ¹
2022-23	10.25%	10.205%	19.10%

CalSTRS Employer Directive 2022-03(See attached)

- The postretirement earnings limit for retired DB members for 2022-23 fiscal year is **\$49,746**

Payroll

CSESAP – Classified School Employee Summer Assistance Program

- The final state match amount will be available in August 2022
 - .8777 is the estimate as of right now
 - This estimate will need to be used as of right now, and if it changes the difference will need to be paid out at a later date
- See **Step 9C in the Year End Closing Manual** for assistance with this process
 - https://www.scoe.org/files/0_2021-22_YEC_Workshop_Manual_Final.pdf

CalPERS Employee Contribution Rate increasing for PEPRA 2% at 60 members as of

07/01/2022 (Reminder from last month)

- Remind affected employees of this change as it will decrease their take home pay for 2022-23 going forward
 - Rate changing from 7.00% to 8.00% (Employee contribution)

Finance

IRS increased mileage rate starting July 1, 2022(Attached)

- Starting July 1, 2022 – new rate: 62.50 cents per mile

Reminders:

SCOE Closed on 06/27/2022

- Business office is having a retreat this day

SCOE Summer Hours (June 13th – July 29th)

- Business Office Closed to the public at 4:30PM (*Open 8:00AM-4:30PM*) – Please plan to pick up your items around this schedule

Payroll Delivery

- ***Starting with June Regular Payroll*** - It will be the responsibility of the LEAs to pick up payroll if the delivery does not fall within your scheduled AV date
 - Please make sure to plan starting with the Regular Payroll this month to pickup your payroll if it will not get to you on time via AV

Mailing Checks

- We have returned back to normal practices so please note that it is the responsibility of the LEAs to mail checks. Please plan to pick up your manual payroll checks if you need to get them to the employees quicker and mail or distribute

Payroll Certification Form

- Please make sure to use the most up to date payroll certification form from the SCOE website
 - https://www.scoe.org/files/LEA_PAYROLL_CERTIFICATION_FORM-5-2022.pdf

Signature Authorization Form for 2022-23 due 06/30/2022

- Send original signatures via AV
- If you use a courier company to pickup your items please make sure they are listed on the Signature Authorization form as a valid company to pickup for your LEA
- Signature Authorization form is located at the below link:
 - <https://www.scoe.org/pub/htdocs/fiscal-forms.html>



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

June 15, 2022

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

FROM: Cassandra Lichnock
EXECUTIVE OFFICE

SUBJECT: Employer Directive 2022-06
Supersedes Employer Directive 2021-05
Contribution and Interest Rates and Present Value Factor for Fiscal Year 2022–23

PURPOSE:

This directive communicates the following rates and present value factors for the Defined Benefit (DB), Defined Benefit Supplement (DBS) and Cash Balance (CB) Benefit programs, as set forth in statute and as adopted by the Teachers' Retirement Board (board):

- Member and Employer Contribution Rates – DB, DBS and CB Benefit programs
- Regular and Credited Interest Rates – DB Program
- Minimum Interest Rate – CB Benefit Program and DBS Program
- Penalties and Interest Rate – DB Program and CB Benefit Program
- Permissive Service Credit Contribution Rate – DB Program
- Employer Contribution Rates for Elected Officials of Employee Organizations and Reduced Workload Program
- Present Value Factor for Unused Excess Sick Leave Service Credit

Please note the factors used to calculate the cost of CalSTRS Two-Year Retirement Incentives are included in a separate directive.

SCOPE:

This directive applies to all county superintendents of schools, school districts, community college districts and other employing agencies that employ persons to perform creditable service under the CalSTRS DB, DBS and CB Benefit programs.

DISCUSSION:

Member and Employer Contribution Rates – DB Program:

Each employer must contribute to CalSTRS a specified percentage of the total creditable compensation earned by the employees who are members of the DB Program or participants of the CB Benefit Program.

Member and employer contribution rates are set in Education Code sections 22901, 22950 and 22951 for the DB Program. Effective July 1, 2014, Chapter 47, Statutes of 2014 (AB 1469–Bonta), added Sections 22901.7 and 22950.5 to the Education Code, which mandate additional member and employer contributions for creditable compensation for service performed on or after July 1, 2014.

Pursuant to Chapter 47, Statutes of 2014, CalSTRS 2% at 60 member contributions will no longer increase after July 1, 2016. CalSTRS 2% at 62 members are required to pay one half of the normal cost of their benefits as a result of the Public Employees’ Pension Reform Act of 2013 (PEPRA), and CalSTRS is required to adjust the contribution rate accordingly.

Pursuant to Chapter 47, Statutes of 2014, the employer contribution rate increased by a statutorily defined amount annually through 2020–21. Starting with fiscal year 2021–22, the board may make additional annual adjustments not to exceed a maximum amount of 20.25%.

The DB Program member and employer contribution rates are as follows:

Fiscal Year Creditable Service Performed In	DB Member Contribution Rate CalSTRS 2% at 60	DB Member Contribution Rate CalSTRS 2% at 62	DB Employer Contribution Rate
Prior to 7/1/2014	8.00%	8.00%	8.25%
2014–15	8.15%	8.15%	8.88%
2015–16	9.20%	8.56%	10.73%
2016–17	10.25%	9.205%	12.58%
2017–18	10.25%	9.205%	14.43%
2018–19	10.25%	10.205%	16.28%
2019–20	10.25%	10.205%	17.10% ¹
2020–21	10.25%	10.205%	16.15% ¹
2021–22	10.25%	10.205%	16.92% ¹
2022–23	10.25%	10.205%	19.10%

¹ The 2020–21 state budget re-directed the supplemental payment paid by the state on behalf of employers as part of the 2019–20 state budget. The supplemental payment was used to reduce the contribution rate for employers by 1.03% of payroll in 2019–20, 2.95% of payroll in 2020–21 and 2.18% of payroll in 2021–22.

Member and Employer Contribution Rates – DBS Program:

Employer and member contribution rates are set in statute for the DBS Program. Effective July 1, 2014, Chapter 47, Statutes of 2014, specifies that the amount of required member contributions creditable to the DBS Program remains 8.00% for CalSTRS 2% at 60 members and remains half of the normal cost rate, as adopted by the board, for CalSTRS 2% at 62 members pursuant to Education Code section 22901.

The employer contribution rate for compensation that is creditable to the DBS Program for all CalSTRS members remains 8.25% pursuant to Education Code sections 22950 and 22951. Of this amount, 8.00% is credited to the member's DBS account, and 0.25% is credited to the DB Program to pay for the cost of service credit for unused sick leave.

If CalSTRS collects contributions in excess of the rates established in Education Code sections 22901, 22950 and 22951 on compensation creditable to the member's DBS account, CalSTRS is required to return the excess member and employer contribution amounts to the employer, and the employer is required to return the excess member contributions to the employee.

The DBS Program member and employer contribution rates are as follows:

	Contribution Rates for 2% at 60	Contribution Rates for 2% at 62	Education Code Section
DBS Employer Contribution Rate:	8.25%	8.25%	22905, 22950, 22951
DBS Member Contribution Rate:	8.00%	9.00%	22901, 22905

Member and Employer Contribution Rates – CB Benefit Program:

Pursuant to Education Code section 26504, the member and employer contribution rates for the CB Benefit Program may be negotiated through the collective bargaining process and may vary by employer, provided all the statutory minimum contribution rates for the CB Benefit Program are met.

Chapter 559, Statutes of 2013 (AB 1381–PER&SS), amended Education Code section 26504 to allow CB contribution rates that were bargained for prior to January 1, 2014, to remain in effect as outlined in the collective bargaining agreement for CB participants whose bargaining agreements were still in effect as of January 1, 2014. However, employers cannot negotiate new collective bargaining agreements or extend, renew or amend current bargaining agreements in which the employee contribution rate is less than the employer contribution rate.

Interest Rates:

Regular Interest Rate means an interest rate that is equal to the actuarially assumed rate of return on investments on assets of the DB Program and is adopted annually by the board as a plan amendment with respect to the DB Program. The Regular Interest Rate is used by the DB Program to charge interest on (1) previously refunded retirement contributions when a member elects to redeposit those contributions, and (2) installment payments for the (a) redeposit of contributions or (b) purchase of additional service credit. This rate is also used to charge employers interest on delinquent contributions and for reporting penalties. Finally, if there is a delay in the initial allowance payment, CalSTRS pays the benefit recipient interest on the allowance payment at the Regular Interest Rate.

The *Credited Interest Rate* is the interest that is credited to members' DB accumulated retirement contributions for service performed after June 30, 1935, excluding all accumulated contributions while being paid an allowance. The Credited Interest Rate is adopted annually by the board as a plan amendment with respect to the DB Program.

The *Minimum Interest Rate* is the rate used to credit interest to participant and member account balances with respect to the CB Benefit and DBS programs, respectively. The Minimum Interest Rate for both the CB Benefit and DBS programs is adopted annually by the board as a plan amendment.

CalSTRS shall assess penalties and interest on employers for late reports and late or insufficient contributions to the DB, DBS and CB Benefit programs. The interest is assessed at the Regular Interest Rate.

The rates for fiscal year 2022–23 are as follows:

	Rate for FY 2022–23	Rate for FY 2021–22	Education Code Section
Regular Interest Rate	7.00%	7.00%	22162
Credited Interest Rate: Defined Benefit Program	0.43%	0.19%	22216
Minimum Interest Rate: Cash Balance Benefit Program	2.09%	1.53%	26604
Minimum Interest Rate: Defined Benefit Supplement Program	2.09%	1.53%	25005
Interest Rate for Late Remittance Contributions	7.00%	7.00%	23003, 26303
Penalty Rate for Late or Unacceptable Monthly Reports	7.00%	7.00%	23006, 23008, 26301, 26302

Permissive Service Credit Contribution Rate – DB Program:

Members may purchase permissive service credit, which is service credit related to activities that were previously undertaken by the member. Examples of permissive service credit include, but are not limited to, teaching at a state college or university in California, employment in a public school in another state, maternity or paternity leave, and military leave.

For fiscal year 2022-23, the board elected to maintain the permissive service credit rates that were in effect for fiscal year 2021-22. The permissive service credit contribution rates for fiscal year 2022–23 are as follows.

Age	CalSTRS 2% at 60 Rates for FY 2022–23	CalSTRS 2% at 62 Rates for FY 2022–23
Below 28	21.5%	18.8%
28	21.5%	18.8%
29	21.5%	18.8%
30	21.5%	18.8%
31	21.5%	18.8%
32	21.5%	18.8%
33	21.5%	18.8%
34	21.5%	18.8%
35	21.5%	18.8%
36	21.5%	18.9%
37	21.6%	18.9%
38	21.8%	19.0%
39	21.9%	19.2%
40	22.1%	19.3%
41	22.3%	19.5%
42	22.6%	19.8%
43	22.8%	20.0%
44	23.1%	20.3%
45	23.5%	20.6%
46	23.8%	20.9%
47	24.2%	21.3%
48	24.7%	21.7%
49	25.1%	22.1%
50	25.6%	22.5%
51	26.1%	23.0%
52	26.7%	23.5%
53	27.2%	24.0%
54	27.8%	24.5%
55	28.5%	25.1%
56	29.1%	25.7%

Age	CalSTRS 2% at 60 Rates for FY 2022–23	CalSTRS 2% at 62 Rates for FY 2022–23
57	29.8%	26.3%
58	30.6%	27.0%
59	31.3%	27.7%
60	32.1%	28.4%
61	32.9%	29.1%
62	33.8%	29.9%
63	34.7%	30.7%
64	34.3%	31.5%
65	33.6%	32.4%
66	32.9%	32.3%
67	32.2%	31.6%
68	31.5%	30.9%
69	30.8%	30.2%
70	30.0%	29.5%
71	29.2%	28.7%
72	28.4%	28.0%
73 and above	27.6%	27.2%

Employer Contribution Rates for Elected Officials and Reduced Workload Program:

Each year, the board adopts employer contribution rates for members who are on a compensated leave of absence to serve as an elected official of an employee organization and for members who participate in the Reduced Workload Program (RWP) during the new fiscal year.

The employer contribution rates for CalSTRS 2% at 60 and CalSTRS 2% at 62 Elected Officials and RWP participants are as follows:

	Employer Rate for FY 2022–23	Employer Rate for FY 2021–22	Education Code Section
Elected Officials of Employee Organization	19.10%	16.92%	22711
Reduced Workload Program	19.10%	16.92%	22713

Unused Excess Sick Leave Service Credit:

The present value factor used to calculate the cost of a member’s allowance attributable to unused excess sick leave days for July 1, 2022, through June 30, 2023, remains the same as the previous fiscal year. The cost of unused excess sick leave service credit must be paid to CalSTRS by the employer before the member can receive the benefit.

The present value factor for unused excess sick leave service credit is as follows:

	Rate for FY 2022–23	Rate for FY 2021–22	Education Code Section
Present Value Factor for Unused Excess Sick Leave Service Credit	0.335	0.335	22311.7, 22718

ACTION:

When reporting the member contribution rates for creditable compensation reported to the DB Program for creditable service performed on or after July 1, 2022, report the rates as follows on the F496:

- Retirement formula 2% at 60 rate of 10.25%: Report as 1025, blank or zeros
- Retirement formula 2% at 62 rate of 10.205%: Report as blank or zeros

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, please contact EmployerHelp@CalSTRS.com.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

By the Way . . . 2022-23 CalSTRS Postretirement Earnings Limitation

 **BY MICHELLE MCKAY UNDERWOOD**

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Each year, the California State Teachers' Retirement System (CalSTRS) postretirement earnings limitation is adjusted to equal one-half of the median final compensation amount for all members who retired for service during the fiscal year ending in the previous calendar year. The limit for 2022-23 ticked up to \$49,746 from \$48,428 in 2021-22.

Knowing this limit is key for CalSTRS retired annuitants because if a retiree earns compensation for performing retired member activities in excess of the annual postretirement earnings limit, Education Code Section 24214(g) requires CalSTRS to reduce the member's retirement benefit dollar for dollar, until the member has repaid the amount of compensation that was earned in excess of the annual earnings limit. Also, these limits apply whether a retiree is employed directly with an education employer, is an employee of a third party (except under certain circumstances), or works as an independent contractor.

To read more on postretirement earnings, see [CalSTRS's Employer Directive 2022-03](#).



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Actuarial

Circular Letter

May 23, 2022

Circular Letter: 200-034-22

Distribution: XII, XVI

To: All School Employers
Subject: 2022-23 School Employer and Employee Contribution Rates

Purpose

The purpose of this Circular Letter is to inform you of the following employer and employee pension contribution rates approved by the California Public Employees' Retirement System (CalPERS) Board of Administration on April 19, 2022. These rates will be in effect for fiscal year (FY) 2022-23.

Employer Contribution

The employer contribution rate for FY 2022-23 will be 25.37%, effective with the first payroll period ending in July 2022.

Employee (Member) Contributions

The member contribution rate for some school employees will change effective July 1, 2022. In accordance with the Public Employees' Pension Reform Act (PEPRA), PEPRA members employed by schools are required to contribute at least 50% of the total normal cost rate of their pension benefit. PEPRA contains a provision that states when the total normal cost rate changes by more than 1% of payroll, the member contribution rate must be adjusted to half of the new normal cost rate. For FY 2022-23, the total normal cost rate for PEPRA school members has changed by more than 1% of payroll since the last member rate adjustment. As a result, the member contribution rate for PEPRA members will increase to 8.00% effective with the first payroll period ending in July 2022. The member contribution rate for classic members is set by statute and will remain at 7.00%.

Additional Information

Additional information can be found on the CalPERS website in [Agenda Item 6d \(PDF\)](#) from the Finance & Administration Committee meeting held on April 18, 2022. The complete actuarial valuation report is expected to be available on the CalPERS website later this year.

Questions

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

Scott Terando, Chief Actuary
Actuarial Office



IRS increases mileage rate for remainder of 2022

IR-2022-124, June 9, 2022

WASHINGTON — The Internal Revenue Service today announced an increase in the optional standard mileage rate for the final 6 months of 2022. Taxpayers may use the optional standard mileage rates to calculate the deductible costs of operating an automobile for business and certain other purposes.

For the final 6 months of 2022, the standard mileage rate for business travel will be 62.5 cents per mile, up 4 cents from the rate effective at the start of the year. The new rate for deductible medical or moving expenses (available for active-duty members of the military) will be 22 cents for the remainder of 2022, up 4 cents from the rate effective at the start of 2022. These new rates become effective July 1, 2022. The IRS provided legal guidance on the new rates in [Announcement 2022-13](#) [PDF](#), issued today.

In recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2022. The IRS normally updates the mileage rates once a year in the fall for the next calendar year. For travel from Jan. 1 through June 30, 2022, taxpayers should use the rates set forth in [Notice 2022-03](#) [PDF](#).

"The IRS is adjusting the standard mileage rates to better reflect the recent increase in fuel prices," said IRS Commissioner Chuck Rettig. "We are aware a number of unusual factors have come into play involving fuel costs, and we are taking this special step to help taxpayers, businesses and others who use this rate."

While fuel costs are a significant factor in the mileage figure, other items enter into the calculation of mileage rates, such as depreciation and insurance and other fixed and variable costs.

The optional business standard mileage rate is used to compute the deductible costs of operating an automobile for business use in lieu of tracking actual costs. This rate is also used as a benchmark by the federal government and many businesses to reimburse their employees for mileage.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

The 14 cents per mile rate for charitable organizations remains unchanged as it is set by statute.

Midyear increases in the optional mileage rates are rare, the last time the IRS made such an increase was in 2011.

Mileage Rate Changes

Purpose	Rates 1/1 through 6/30/2022	Rates 7/1 through 12/31/2022
Business	58.5	62.5
Medical/Moving	18	22
Charitable	14	14

Page Last Reviewed or Updated: 09-Jun-2022